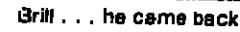


[illegible]

And that 23 was obtained on-



In 1980 the Appeal Court made a definitive ruling which would have let those votes in. So, should Brill have done the decent thing and resigned? No, say Nationalists, who

At an office in a shop in the area, Labour workers are enrolling Pacific islanders who shy away from battling through the forms in the next-door post office. And they are double-checking to eliminate possible double enrolments, a factor in some votes being rejected by the Electoral Court in Hunua.

The Waitangirua office is one of three Labour has in this

He might have had a safer seat in the city if things had gone to plan. Brill was picked out as a potential high-flier in the mid-1960s.

Of similar age to Brill (40), Shields was slow to cross the political street to a strong "Tory" family becoming active in 1971. But the route had been effectively determined some time before. While Brill was developing his own

A high-contrast, black and white photograph. In the foreground, a man in a military uniform and helmet is shown from the chest up, looking upwards and to the right. His expression is serious. In the background, to the right, a woman's face is partially visible, looking towards the camera. The image has a grainy, high-contrast quality, typical of older newspaper prints.

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... and so has Shield

But even without that ^{and} edge, Shields is a formidable candidate worthy of her opponent.

INDUSTRIAL DESIGN
Providing a seal for Kiwi
export success — Page
41-44.

Bill Birch . . . interested

by Warren Berryman

A SPECIALIST arm of the Planning Tribunal may be set up to handle all applications for mineral exploration, prospecting and mining licences and reduce the present backlog.

Continued Page 16

Continued Page 3

by Allan Parker

Public knowledge of the company's philosophy about an effective dismantling of the

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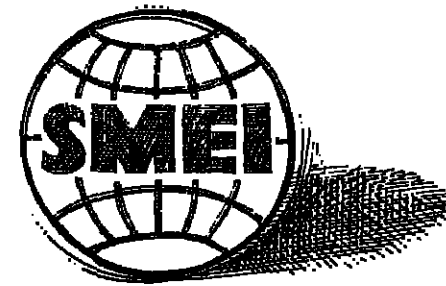
Xerox Learning Systems

What S.M.E.I. told us about direct mail advertising

Case Study Number Three

Professionals choose Direct Mail

SALES AND MARKETING EXECUTIVES INTERNATIONAL OF WELLINGTON INC. (S.M.E.I.) define themselves as "an organisation of men and women whose common interest is the development of a professional approach to selling and marketing activities." They are the Wellington affiliate of an international body for marketing people in middle and upper management levels.



Late in 1980, the S.M.E.I. executive created a new Corporate Membership, in a bid to strengthen and increase the association's membership. Once the structural changes were achieved, the need arose to promote this new category to potential members.

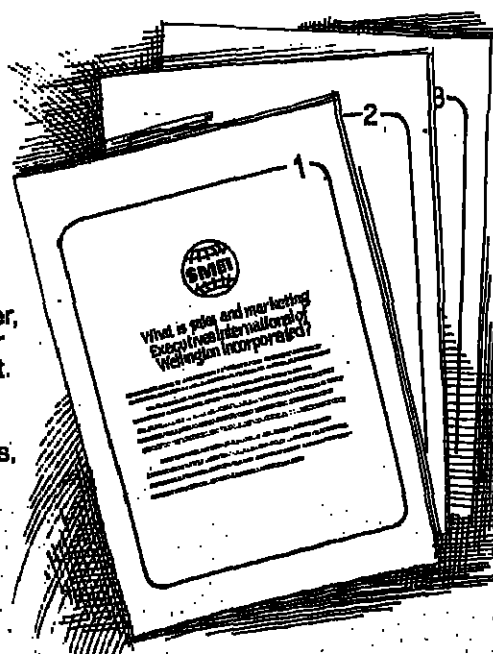
S.M.E.I. chose to use Direct Mail. They recognised that prospective members of their organisation, which is after all a rather specialised group of marketing professionals, could be readily identified. The number of companies on the list was sufficiently limited to allow the production of a prestigious and comprehensive presentation folder, with a personally addressed letter requesting the company's support. And the S.M.E.I. proposal, offering the opportunity to improve the skills of the company's executives, would be most likely to strike a responsive chord in the office environment.

Low Cost

250 presentation kits were produced, each costing \$3.70 (printing and postage). It was reasonable to expect a 5% success rate, one corporate member for every 20 kits; on these figures, each member might cost as much as \$74.00 to recruit. But that was still well below the cost of a personal call, which itself might have only one chance in five of success.

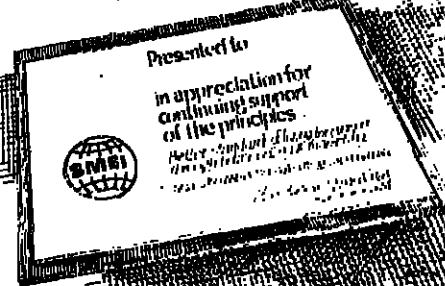
Outstanding Results

The campaign began in February. To date, 150 kits have been mailed out... and a staggering 65 companies have signed up. A 43% success rate, with companies paying a minimum of \$150.00 (their contribution varying in proportion to the number of members they wish to nominate) on behalf of their executives. S.M.E.I.'s numbers have swelled by a third, with this influx of corporate executives; and the new member companies have received an attractive plaque to confirm their corporate membership (and perhaps attract the attention of other potential members!).



Care and Attention

S.M.E.I. (Wellington) President Lindsay Yardley attributes the overwhelming success of their Direct Mail campaign to the time and care and attention given to the mailing. "The professional skills available to S.M.E.I., which were lavished in turn on the offer, the content and its presentation, the selection of potential members, the personally-addressed letter, and the processing of applications, all contributed to the campaign's success."



Direct Mail - Where to Begin

Perhaps the best advice we can give you is to consult experts... Direct Mail companies or your advertising agency. Expert help can make all the difference. However, no matter who is responsible for developing a Direct Mail campaign, there are certain factors you need to

consider. We've prepared two booklets which examine these factors in depth, available absolutely FREE simply by filling in the coupon below.

The first booklet, A USER'S GUIDE TO DIRECT MAIL touches on the most important steps and gives a general outline of the medium. The second, HOW TO PRODUCE DIRECT MAIL, is designed to aid you to produce part or all of a Direct Mail campaign if you prefer to "do-it-yourself". The booklets won't replace specialist help but they outline the main features of Direct Mail (both the advantages and the pitfalls).

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To: Freepost No. 1 Marketing Manager New Zealand Post Office P.O. Box 23 Wellington (No stamp required)

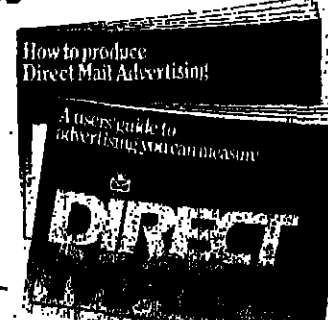
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The week

Wine flavouring action under consideration

by Warren Berryman

HEALTH Department officials are considering what action — if any — will be taken against winemakers illegally adulterating wines with water and artificial wine flavouring.

Following a swoop on wineries in Auckland, Hawkes Bay, and Hamilton the department has had wines analysed for traces of Rhine Riesling flavouring.

Health Minister George Gair has been given the results of his department's analysis of the suspected wines together with departmental recommendations as to what might be done.

Gair said he felt it inappropriate to comment at this stage when *NBR* called him late this week.

He has been similarly circumspect in Parliament.

Labour's Ann Hercus asked him if the department had found any evidence of "flavoured wine" being sold in restaurants as 80 per cent-plus wine, and if so, if any prosecutions had been initiated.

"The situation is that a preliminary survey has shown

that in some health districts some wines sold in some restaurants did not comply with the law. As a result of this survey more samples are being taken that, if they are found to be non-complying, will be the basis for prosecution," Gavin replied in a letter on August 20.

Hercus took the matter further in Parliament last week, when she asked Gair to give the number of restaurants in which flavoured wine had been detected.

He would be "happy to release that information at the appropriate time," Gair said.

But first, the samples had to be analysed and the evidence assessed.

He expected the department to be in a position to provide the information "within days".

"The Government is in a tight position on the adulterated wine question. Overhauling industries Development Commission recommendations on the industry, it granted a broad umbrella of protection against imported wine.

Subsequently, statistics for 1980 have shown that the wine industry produced some 46

million litres of wine from 30 million litres of grape juice.

Cabinet was to have considered today what action should be taken against offending winemakers, *NBR* understands, but Gair has decided to let his department decide what action to take.

Health officials have two options: they can prosecute the winemakers involved or seize the illegal wines.

If they opt for prosecution, the matter will become *sub judice* and secure against publicity until the court proceedings, which would be unlikely to be heard before the election.

If they opt for seizure, the matter is likely to be publicised. Offending products would be immediately withdrawn from sale.

The winemaker or winemakers would have 72 hours to lodge an appeal or write off the seized wines.

Gair would not comment on which option he favoured, but said that *NBR* was remarkably well informed as to which winemakers were involved.

about the adulteration process, and about the political considerations.

It is understood the Health Department favours seizure to prosecution, feeling that the adulterated products constitute a practice which should be stopped as quickly as possible.

Some members of the wine industry would like to see the matter cleared up as quickly as possible and are anxious to avoid a long period of rumour

and speculation that could bring the innocent into disrepute with the guilty.

Some of these winemakers are trying to export wine. They don't want our nation's winemaking image to be one of production from sugar, water, flavourings, and pressed-on grape skins. Or to win a reputation for suspect wine export similar to Australia's new; won reputation for meat exports.



George Gair... given results

Economic indicators

Prime Minister Rob Muldoon said Cabinet had adopted a formula devised by the Cabinet Economic Committee after the visit of United States special trade ambassador William Brock.

THE Department of Statistics survey of retail stock shows that stocks at June 30 were 10.3 per cent higher than the corresponding time last year and

up 2.9 per cent over the March 31 figure. After correction for seasonal factors, the June figure is 3.3 per cent above the March figure.

THE level of prices for inputs of goods and services (excluding labour) for the June 1981 quarter was 16.6 per cent up on the June quarter for last year, said the Government Statistician. The rise between the March quarters of 1980/81 was 17 per cent. The movements are shown in the Producers Price Index (formerly the General Price Index).

Chatham Islanders boycott hearing

by Ann Taylor

CHATHAM Islanders, hoping for a new service to fly in and out of their new million-dollar airstrip, cannot afford to come to Wellington to make representations to tomorrow's Air Licensing Authority which will hear an application from Safe Air to put up fares on its Bristol Freighter service by 19 per cent.

Chatham Island county councillors will not put their case to the authority because — "in the light of previous lack of success" — their council considered it could not afford the expense of travelling to the capital to represent the islanders' concerns or have legal representation.

In a letter to the authority they expressed concern that the hearing was being held in the last months of the Bristol Freighter service and drew the

authority's attention to the fact that previous applications had been based on Safe Air being the only airline able to provide the service because of the state of the old airstrip.

Downers completed construction of the airstrip six months ahead of schedule, but when Prime Minister Rob Muldoon opened the airport at the end of June he said: "Islanders will be able to benefit from the service which can be offered by modern aircraft... the Government's aim is to have the new service operating well before the end of the year."

NBR understands that Air New Zealand, Mt Cook Airlines, Capital Air, Metro Pacific and Safe Air have all tendered for the service.

But the Internal Affairs Department, which administers the service is still evaluating the applications.

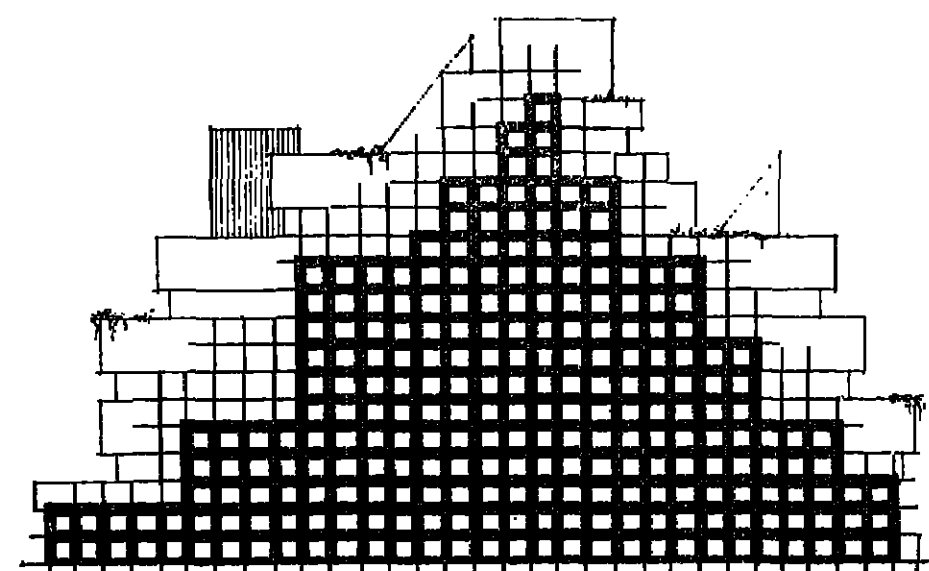
Chatham's MP Ann Hercus said the proposed air fare hike was a "tremendous psychological shock" for the islanders.

"Not a month before the Prime Minister had gone to the island and indicated that the new air service would be operating within a short time... within three or four weeks a price rise application was made," she said.

The Government subsidises the service — to the tune of \$498,934 to the March year. Internal Affairs asked Safe Air to make the fare application to offset increased costs while applications for the proposed Friendship or Hawker Sidley 748 are still in the pipeline.

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Editorial

IN his report on the Security Intelligence Service which preceded the Government's amending the legislation governing that organisation's operations, the then Ombudsman, Sir Guy Powles, included a succinct quote from Britain's eminent Lord Denning. "No one can understand the role of the security service unless he realises the cardinal principle that their operations are to be used for one purpose and one purpose only — the defence of the realm," Lord Denning had said. "They are not to be used so as to pry into any man's private conduct or business affairs or even into political opinions, except in so far as they are subversive, that is, that they contemplate the overthrow of the government by unlawful means."

Because of the extreme secrecy — sanctioned by the law — which surrounds SIS operations, it is almost impossible to judge the extent to which they are directed by such principles. But occasionally, and not necessarily for the lofty objective of public enlightenment, Prime Minister Rob Muldoon allows us a peep at what the department under his ministerial control has been up to. We were privileged to a peep last week, when he released a report purporting to identify a scant 15 anti-tour protesters as either "subversives" or "radicals who are not positively known to be members of subversive organisations". At least we can rest easy that their names are so few.

The amendment bill gave the SIS director authority to define what he considered were new areas of subversion. No criteria for judging this was included in the legislation. He does not even have to be convinced that someone is engaging in subversion. Any person suspected of being capable of "potential" subversion could be subjected to secret surveillance. Subversion is defined as attempting, inciting, counselling, advocating or encouraging the overthrow by force of the government or undermining by unlawful means the authority of the state.

The amending legislation added to the duties of the SIS the protection of New Zealand from acts of terrorism.

Irrespective of whether their activities are indeed subversive, anti-tour protesters could scarcely have been surprised to find that some of their number had been under SIS scrutiny. At the time the bill was being criticised, Hart's Trevor Richards said he expected his organisation to be subject to interceptions of its communications, irrespective of which party was in power. And in his report on the SIS, Sir Guy left us — before the law banned any disclosures of the department's activities — with some significant observations on its methods. He noted that the service did look at activities which were not subversive in themselves, but from which some danger might emerge. In written submissions and discussions with Sir Guy, the service had said it had to inform itself on protest groups with political and ostensibly legitimate objectives to see that they or individuals within them did not step outside the law. At the time of Sir Guy's report, some 10 per cent of SIS work in counter-subversion was concerned with protest groups. Personal files had been opened on a number of people — not defined by Sir Guy — engaged in political protest activities which suggested they might in future become subversive or a target for subversives.

By and large, the information relating to those engaged in dissent or protest came from overt sources, such as newspaper clippings, publications and pamphlets. It did not place those people under surveillance, Sir Guy said.

Nor should anyone be surprised at Muldoon's decision to use SIS files to name names. In February last year he released information about the Sutch case. In March last year he released the names of members of the Socialist Unity Party said to be involved in trade union affairs. In August last year, he threatened to name

Socialist Action League members who — he claimed — had infiltrated the Labour Party.

He has also made clear his attitude to dragging Rods from beneath beds. He said in June he used the SIS to identify trade unionists said to be Communists because the SIS was of little practical value if it uncovered subversive elements, then filed the information away. His practice had been to expose "those people" and publish their names so that when they appeared in an active trade union role "the public will know that they are not acting on behalf of the trade union or workers. They are acting on behalf of their masters in Moscow."

But the Government does like to keep a firm control on the information flow. And its policy on publicity is disturbingly ambivalent. Or perhaps purely pragmatic. In September last year, Foreign Minister Brian Talboys told Parliament any political group whose activities came under the definition of subversion would be the subject of attention by the SIS, but it was not the policy of the Government to discuss details of the service's activities. Asked how he could justify a refusal to disclose information when Muldoon had already breached that rule by disclosing the name of an extreme left-wing organisation which, it was asserted, was dealing in subversive activities, Talboys replied: "I simply remind the member that it has been the policy of governments not to discuss those questions."

In light of the controversy which inevitably stems from Muldoon's exercise of his powers as Minister in charge of the department, one effect of last week's release of names has been to draw attention yet again to the role of the SIS. The manoeuvre might also have been — as the "radicals" claimed — a smear tactic, designed to split the anti-apartheid movement and to give the impression that those who protest are the stooges of a militant few. It did whip up a brisk business for the

legal profession, as some of those named sought advice on their naming in the Prime Minister's statement.

If the anti-tour movement is being manipulated by radicals, the Government must accept the blame for abdicating leadership. Before the Springboks arrived, Muldoon and his Government, in the wake of the Glenageary agreement, were the most obvious leaders of efforts to call off the tour (although their attempts to dissuade the Rugby Union from continuing with its plans fell far short of the expectations of a significant portion of the public). Once the Springboks arrived, the Government considered its protest job done, and concentrated on providing sufficient police protection to ensure the tour could proceed. That left no clear official representatives to articulate the thinking of the broad masses opposed to apartheid once the tour was under way.

Hart, Cost and the rest eagerly moved to fill the void and to broaden their base. But after some weeks, a more modern and influential anti-tour leadership has emerged for the larger portion of tour rejectors. They are the eminent and widely respected civic dignitaries, churchmen, trade unionists, leaders of women's groups — and Sir Guy — who last week took their case to the Governor-General.

In a volatile climate, temperate debate has been submerged beneath passions and spectacular protest action whose moral and irrational and violent manifestations have sullied the image of the protest movement. The propriety of releasing the SIS list in the midst of this should certainly raise important questions. It should not deceive the public into believing that to be anti-tour is to be irresponsibly militant, or disguise the fact that prestigious civic leaders are still striving to carry the vote of reason through constitutional channels to plead for the tour's abandonment "for the common good".

— Bob Edlin

Effects of mining changes — Bill Birch's view

Mining bill still leaves public out in the cold

By Cath Wallace
A Bill to amend the Mining Act 1926, and to provide for the establishment of a Mining Tribunal, and for matters connected therewith, was introduced into the House of Representatives on 27 July 1981.

I VIEW with concern an article in your paper on July 27 under the title "Mining Bill still leaves public out in the cold". The article contains many either inaccurate or misleading statements which distort the new provisions in the bill. I accept the right of the writer to criticise the measures proposed but this article either inadvertently or deliberately misleads the reader. I shall comment on the more important issues.

Reference made in the article to the extent of public participation implies that this is more diminished than improved, or that insufficient information is to be made available for the participation to be meaningful.

In fact, provision is expressly made to improve the flow and scope of information to give better public understanding on any prospecting or mining proposal.

Clause 19 of the bill introduces a new provision for local authorities to be forwarded copies of applications for prospecting and mining licences which will include details of the work programme, and an assessment of the environmental impact. The local authority shall then arrange for a public notice to be given of the application.

After consideration of the application and any public response which may be received, the local authority will then forward to the Minister of Energy advice as to whether the application should be granted and any conditions which should be attached. The local authority will be able to have regard to the economic, social and environmental effects of the proposal on the district.

Subsequently, when the reports of other government departments and catchment authorities have been received and it has been determined that the application can proceed, then the conditions under which it is recommended that the proposal could proceed will be available for examination in the local authority office and in the office of the Inspector of Mines.

At this juncture the applicant will be requested to advertise his proposal and there will be a period of 20 working days from the date of that newspaper notice within which objections may be lodged by the persons presently able to file objections under the Town and Country Planning Act.

The article indicates that the objection procedures will become far more expensive. The cost to an objector having his objection heard before the Planning Tribunal should be no more than that presently for having an objection heard by a district court judge.

If an objector does not wish his objection to be formally heard by the Planning Tribunal, then representation could be made to the Minister or to the mines division of the Ministry of Energy. This is similar to existing arrangements under the Mining Act.

The comment was made that there are virtually no concessions to farmers and landowners' complaints. The question of landowners' rights was carefully examined by Government in the preparation of the amending bill.

Clause 24 introduces a new requirement for an applicant to give three working days notice of his intention to enter any occupied Crown land for purposes associated with the lodging of an application. This provision will be additional to the notice which is required to be served in terms of section 104(4) of the Mining Act.

This will mean in many cases, that two notices instead of the present one will be given to every occupier of land affected by a mining privilege. The applicant will also be required to identify himself to the occupier on the occasion of his first entry to the land.

The article implies that the holders of prospecting licences will be given greater rights than they presently have. This is not so. The bill introduces more specific provisions to restrict the nature of activities which may be undertaken to facilitate prospecting.

Specifically, clause 7 of the bill says that the holder may "erect, maintain and use buildings, dwellings, and plant and machinery, construct, maintain, and use tracks, and engage in other works in connection with and for the purposes of the prospecting operations".

This is a far more restrictive definition than that which presently exists in the Mining Act. The amendment has been designed to make it clear that a prospecting licence does not allow for mining, while on the other hand in the context of a mining operation, prospecting could be legitimately pursued.

It is suggested by the writer of the article that the Minister of Energy will determine the scope of investigation of any mining proposal. While it is true that the initial assessment of a proposal will be made in the mines division, all the reporting agencies required to be consulted will have the opportunity as at present to highlight

any features needing special conditions to protect them.

The article suggests that the Minister will unduly influence applications in favour of mining. Under the Mining Act I am charged with ensuring the proper development of the country's mineral resources. Where I consider any proposal should proceed, the public notice given by the applicant after the conditions have been established provides for full public input.

If as a result of the public notice objections are made, then the Planning Tribunal will be in a position to consider the proposal and to recommend any changes to the conditions which are considered necessary and the Minister will be required to abide by the tribunal's recommendations.

Comment is made on restrictions in the role of the Commissioner for the Environment. It was decided in bringing the Planning Tribunal in as an arbiter in respect of any objections to the grant of a mining privilege, that if the application had been the subject of an environmental report, then it would clearly be of assistance to the tribunal to consider the views of that report.

In other cases the Commissioner for the Environment has a role to play, where significant operations are proposed, in considering the environmental assessment submitted with all applications. Such considerations may lead to a requirement for an environmental impact report as provided for in clause 19 of the bill.

The article in noting that the Minister of Energy will no longer have the power to finally determine applications, referred to a power of "veto" being retained along with the right to "correct errors and omissions". It is not a power of veto that has been retained, but simply a right to decline an application if the proposal is not supported for mining operational or other reasons. The provision of correcting errors and omissions is a normal legislative provision to allow for the correction of mistakes in the preparation of a licence document.

The article stated that the Minister could suspend conditions that prove unexpectedly burdensome on the licensee. However the right to suspend is confined to those conditions relating to the programme of work or expenditure of a specific sum of money in any year, where unforeseen or special circumstances arise.

This is an existing right that has rarely been exercised in the past and its use has usually been associated with safety of operations.

It is suggested in the article that local authorities have been downgraded by the provisions of the bill. This is quite incorrect. Under the existing provisions of the Mining Act, local authorities have no formal standing and the bill rectifies this.

The local authority will be given the opportunity to assess an application in terms of its social, economic and environmental effects on the district and to advise the Minister of Energy on any special or significant factors which should be borne in mind in establishing conditions under which the proposal could proceed.

If such matters are not adequately reflected in the conditions to be attached to the licence, then the local authority may appeal to the Planning Tribunal.

The article stated that exploration licences are entirely exempt from all advertising, planning and objections. This is also incorrect.

The conditions proposed for the grant of an exploration licence will be publicly available for examination in the local authority office and under the procedures proposed objections to the application may be lodged following the public notice.

The article suggests that unlimited activity can be undertaken from a prospector's right. The provisions governing prospectors' rights have not been altered by the amending bill. Section 46 of the Mining Act sets out what the holder of a prospector's right may do.

He may enter land and prospect and conduct tests for any mineral; he may extract and remove samples or specimens of rock, or ore, for testing purposes with as little damage as possible to the surface of the land. These rights do not allow the holder to establish a claim which would preclude others from prospecting in the same area, and they may only be exercised on unoccupied Crown land.

To suggest that uncontrolled prospecting activity by mining companies could occur under such a right does not make sense bearing in mind the investment of risk capital involved. The protection of an exploration, prospecting or mining licence giving exclusive mining privileges is essential.

Criticism was made in the article that though provision is made for the holding of bonds or deposits as security for compliance with the terms of the licence, there is no specific provision as to the size of the bond.

Presently under the Mining Act, bonds are specified for prospecting and exploration licences but not for mining licences.

Because the size of the bond will be directly related to the needs of the proposed prospecting or mining operation, it is impracticable to set a scale of amounts in the legislation.

To a large extent, the differences the Minister has with our commentator, Cath Wallace, relate to different standards of comparison. She looked at what was being asked for and measured the bill against that standard. The Minister compares the bill with the existing Act, which all parties agree is defective.

The article did err in stating that exploration licence applications were ex-

The article suggests in respect of the phase-in arrangements of the bill there is a loophole allowing scope for a mad scramble of applications between the date of the introduction of the bill and its proposed enactment date of October 1 1981.

This is nonsense. It is virtually impossible to progress an application through all its stages in the time available.

The article concludes with the suggestion that the amendment bill is a hasty patch-up job and that I should have introduced a consolidating bill that embraced the Coal Mines Act, the Iron and Steel Industry Act, the Continental Shelf Act and the Atomic Energy Act. This is a quite impracticable proposition.

It is true that I have given some urgency to the amendment of the Mining Act in response to widespread public opinion but the amendments proposed have been developed after wide ranging discussion covering all interests, over the last six months and including an independent survey of opinion by a firm of consultants.

As a result I believe that the proposed amendments to the Mining Act, applications under which have generated the public concern mentioned, represent a major step forward in providing public and local authority input into the consideration of mining privilege applications, in the most practicable way.

W F Birch
Minister of Energy

Without word of a lie

Memory slip

WHY the big deal over our old mate Duncan MacIntyre's pamphleteering gaffe about his party's policies rocketing us into the 20th century? Surely, given our understanding of those memory lapses, he confessed to during the Marginal Lands Board inquiry, we can sympathise that he might not recall our entering the 20th century some 80 years ago.

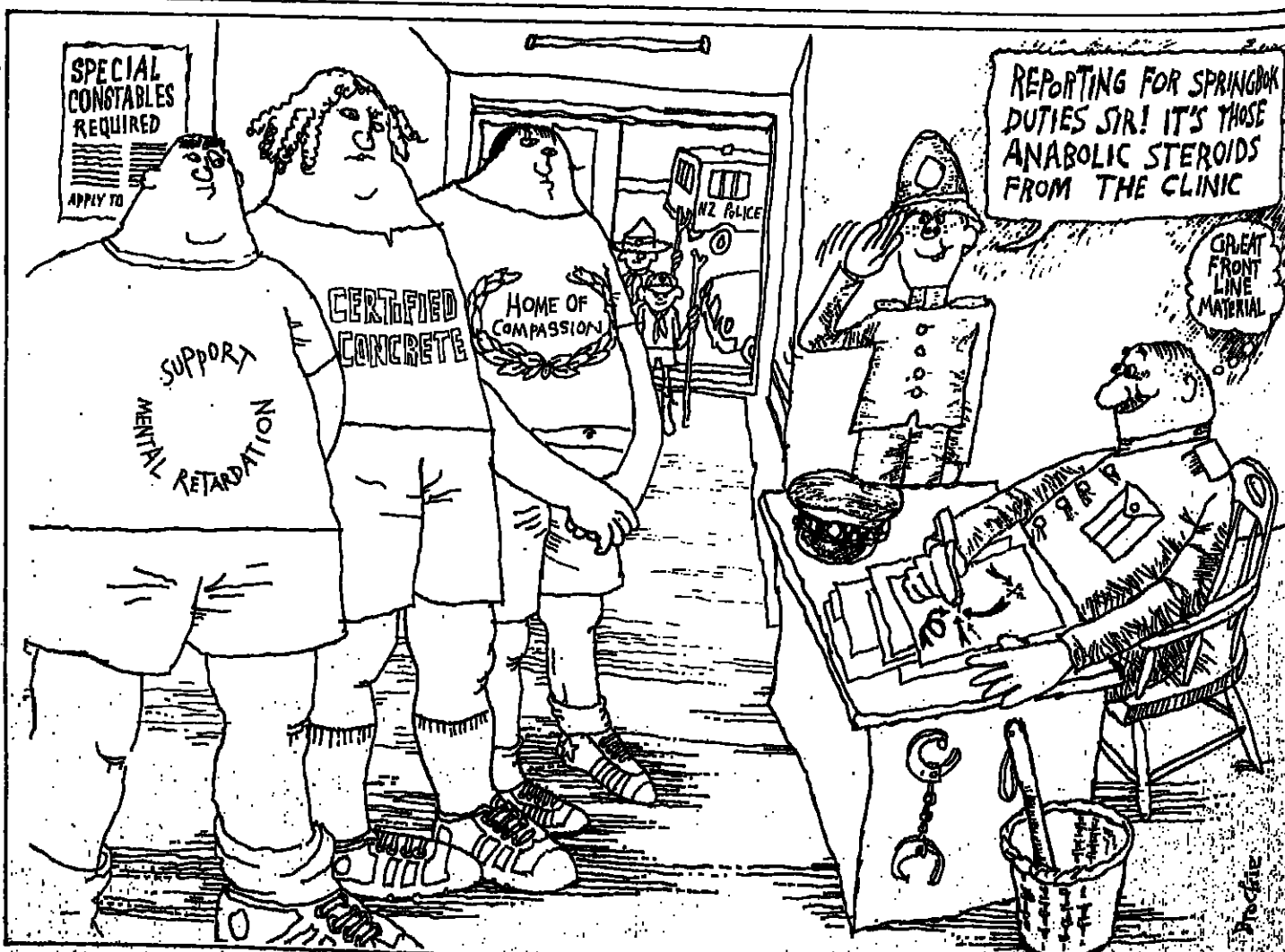
Media word play

HAS Our Rob created a new noun for international media lexicons?

The *Australian Financial Review*, in an article detailing an Australian Medical Association (AMA) confrontation decision on contact with South African medics, headlined: "How the AMA did a Muldoon."

The easy way in

THE success formula behind the Fletcher Challenge merger and its ever increasing tentacles was revealed last week. Talking to geographers in Wellington Hugh Fletcher said: "You have to be crazy to get in to long lead-time projects when your performance today has to be accounted to Government tomorrow. It's much easier to take over another company. You can always get another one on the Stock Exchange — it's much less risky."



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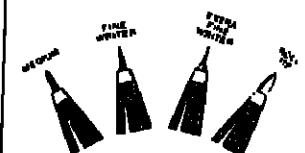
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Morale in ministry

I HAVE some comments to make on the item on Government Administration in your

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issue of August 24, "Foreign Affairs — A Sinking Ship of State?"

By concentrating narrowly on the question of staff movements and some highly selective aspects of conditions of service in Foreign Affairs, your article gives a quite misleading impression.

As you know, I have been closely and continuously involved with the ministry over a period of years. I can assure you it is not afflicted by a chronic sense of disaffection, as your writer would have us believe. There has been no sudden loss of loyalty or lowering of morale.

In fact, I am daily impressed and heartened through dealing with a group of public servants no less dedicated now than in the past to doing their job well, without fuss, and mercifully free of any misplaced notions about elitism.

It is true that a number of officers, several of senior rank, have recently moved into other fields. Not all have left for good, some are only on temporary secondment. What the article also omits to point out is that this movement is no new phenomenon in Foreign Affairs.

In the past 15 years the ministry has recruited 199 people to its diplomatic staff; it has lost 116 officers during the same period. Nor is this a unique experience among Government departments, for there has always been a steady turnover of staff within the Public Service.

It appears to astonish your contributor, but is no surprise to me, that Foreign Affairs should be a fertile area for promotion to senior posts outside the ministry. The department is expected to keep high recruitment standards and does so.

It is understandable that other employers, in and outside the Public Service, should be interested in officers of proven ability who may themselves be tempted at a certain stage in their careers by the challenges offering in new fields.

In recent years we have come to accept a greater rate of mobility within the Public Service, for it is no longer the case that officers see themselves as necessarily committed to a lifetime of service in one line of work.

There are, after all, many reasons of a perfectly good professional, personal or family nature why officers may consider changing careers. It is unfair to their parent departments and to them to imply, as your article does in this instance, that the underlying cause is one of disenchantment with their current employment, and that should they decide to move elsewhere they have "defected" or "deserted".

In respect of Foreign Affairs, moreover, I have always believed a measure of lateral movement to be a healthy process which could only be to the benefit of the Public Service as a whole, or the private sector as the case may be.

The number of recent transfers is not excessive and has certainly not impaired the ministry's capacity to carry out the important tasks the Government expects it to undertake. There are enough very able senior staff, and talented young officers moving through the ministry's ranks, to whom its future as a key department of state may be safely entrusted.

There are some questions of fact that should be corrected. It is not true, for example, that the ministry's allocations have

been held static. The Foreign Affairs Vote has, in fact, doubled in the past four years. There is no international financial obligation we have failed to meet, fully and on time.

Similarly, it is wrong to say that overseas allowances have remained static. They are reassessed from time to time when our posts request it and revised to take account of increases in local costs. The establishment grant has not been abolished. It is still available to representational staff on their initial posting and its adequacy is reviewed annually.

What the article terms "the facility to bring back cars" from postings has not been removed. Officers are still free to do this. What they are no longer entitled to is the exemption, which used to exist under certain conditions, from the obligation to pay customs duty on motor vehicles they wished to bring home.

There is no element of discrimination here however;

the new procedures apply to all New Zealanders who have lived abroad just as the former entitlement did.

Finally, your article leaves the unfortunate impression that the measure of an officer's success or job satisfaction in Foreign Affairs is to be found in the number of opportunities he or she has had to enjoy "the good life", whether at home or abroad.

In seeking, perhaps not intentionally, to perpetuate the old myth about the glamour allegedly attached to a diplomatic career, the article misrepresents the serious down-to-earth business it really is.

It is not the few trills associated with the career that continue to attract and hold good people. The job's appeal and the reward it offers come from the knowledge that one is handling responsible work of direct relevance to New Zealand's destiny as a nation.

B E Talboys
Minister of Foreign Affairs

Have sympathy for scouts

COLIN James's commentary on review of "Rowling: The Man and the Myth" is accurate enough in its reference to the book's "sympathetic" tone to its subject. But the same adjective could be applied to James's assessment.

After all, let's be blunt. The book is intended as a whitewash with the central theme being the concession that Rowling has a weak public image but arguing in every chapter that this is unjustified.

I have no quarrel with the book's bias as it is an election year and for my money "all's fair in love and war" as well.

But given the book's purpose it can only be described as a devastating crucifixion of its subject. Indeed, as an unabashed National supporter I am sorely tempted to buy up as many copies as possible and arrange free distribution in every

marginal seat this November. The lack of awareness of public sensibilities, attitudes and prejudices among Labour strategists is always astonishing and encouraging.

Let me give you an example. In endeavouring to persuade readers that Wallace Rowling really is a combination of Kong and Sonny Liston, he disguises, one might assume, the author would be, been smart enough to reveal a hitherto unknown, specifically that Rowling, entering Parliament was a scout-master.

I suspect the scout master is in for a rough time in November.

Bob Jones
Lower Hutt

ELECTION WATCH '81

Strategies, Pages 28-31

Politics

Time for a (symbolic) spelling bee in the Beehive

by Colin James

SUDDENLY I can see Merv Wellington's point about the need to get back to basics in education. The Government is having trouble spelling symbol.

New Zealand is not a country that goes in much for symbols — at least consciously.

We pride ourselves on being practical, down-to-earth people. Even the monarchy has become more a bit of (sometimes splendid) theatre, rather than symbolic of our ties with a Britain that is receding into the distant foreignness of Europe.

But we are not devoid of symbolism either. We — by which I mean we pakeha New Zealanders, since the Maoris are very much into symbolism — are less unsentimental and earthbound than we make out. Note, for instance, a new

obsession in some quarters with the flag.

Ministers hang it limply in their offices. Cheese-paring ministers who believe it important to cut state spending have increased spending on flags for public buildings and even state cars.

The National Party has appropriated it for its campaign symbol, flying it from right to left in defiance of convention, even colouring it the wrong shade of blue for its annual conference decorations last month.

A couple of weeks back, the Government even brought in a new bill to ensure the flag is used responsibly.

It is entirely logical that somebody at this point in our history should be promoting the flag.

In the past few years we have begun to emerge from our postcolonial state of shock, to

grope out of the confusion of national adolescence into adulthood.

Films, plays and writing have a new confidence and assurance, no longer plagued with the old question of who we are and what we are doing here. New Zealand is at last becoming New Zealand and "Home" is at last in the South Pacific.

In its conference propaganda this year the National Party itself talked of "a nation growing to maturity".

So, amidst this new falteringly emergent nationalism, it is logical that somebody should look for symbols to help assert it.

But just look at the unfortunate and inappropriate range of symbols available to us to make our new statement. They are more suitable to our former colonial subservience.

Our flag belongs to someone else: dominated by the crosses of those foreign part-countries, England, Scotland and Ireland, with only a Southern Cross thrown in to remind us of our geographical separation from our parentage.

It was always inappropriate for the 10 per cent of our population that traces its geographical origins to Hawaii. Now it has become so for a younger generation that is two or more generations removed from birth-ties from Britain.

(Though we still get a trickle of people with such birth-ties, they are now clearly seen as foreigners, "importing" the class war into our egalitarian way of life, as the anti-union lobby has it, or subverting our national game with some inferior game played with a round ball



— is there a New Zealand soccer coach?)

If the flag implies submission to a foreign country, *God Defend New Zealand* raises submissiveness to a virtue: "... at thy feet ... hear our voices ... and so on.

It does not encourage New Zealanders to stand on their own feet, to develop those qualities of self-reliance and individual enterprise the National Party praises. The song enjoins us to leave it to God.

Then we have the Kiwi: a wingless, flightless creature that lives in a burrow and comes out only at night to grub for insects. Timorous, defensive, introverted: maybe appropriate to an air force starved of funds and fire-power, but hardly a symbol to draw the nation to great heights.

The rugby union managed better with the fern (a bit like Canada's symbol of independence, the maple leaf). But the rugby union also chose black — the non-colour, the negation of colour, which has become our national sporting livery.

As official or quasi-official national symbols, you could hardly find a worse lot. Good luck to politicians trying to stir up enthusiasm for the growth decade with them.

Fortunately we do have other symbols. The jet boat, for instance, symbolises our enduring skill, proved again this year, with barbed wire.

Others are not so inspiring, but are no less accurate.

The fat smiling Maori on a bulldozer puts Maoris in their right place in the minds of many pakehas.

The Beehive is used indiscriminately as a symbol for Parliament or the Cabinet, thus symbolising perfectly the domination of the former by the latter (and symptomising an election issue which may encourage the electorate to deny a parliamentary majority to any party in November).

On a more immediate scale, the rusting Bank of New Zealand "building" in Wellington and the gaunt frame of the Mangere bridge in Auckland symbolise the economic stagnation of the late 1970s and a depressing phase in our industrial relations — just as the resumption of their construction may herald a renewed economic momentum.

And the Aramoana smelter proposal has become symbolic, in both a pejorative and celebratory sense, of the Government's growth strategy.

It is symbolic of "think big", the most effective slogan dreamt up for years but, unfortunately for the Government, the effective more as a turnoff than a turn-on.

And it may be symbolic of a nascent regeneration of Otago. Now that the north-eastern have wreaked their worst on Dunedin and nearly closed the

place down, there are signs that long-suffering Otagoans are starting to develop new indigenous enterprise.

Aramoana is seen by many as a focal point for their sight-setting. Regardless of its actual value as a symbol, encouraging the locals into a progressive, instead of a defensive, psychological outlook.

That tour has strong elements of symbolism, too. The strength and staying-power of the protesters are symbolic of a nation beginning to emerge into adulthood and now examining its childish obsession with games.

Never again will we be so blundered by a sport-right-wing attitude.

There are other things in life, as even the rugby union has discovered.

It has taken us a painful experience to learn it — or rather, begin to learn. But adolescence is not always easy.

Some people have seen other symbols in the tour.

The Government, for one, has been trying its damndest to make of the tour of thousands who have demonstrated against the tour a symbol of radical assault on all that New Zealand stands for.

But it got us spelling wrong. Instead of fashioning symbols, it has been hatching cymbals.

Last week's cymbals gesture was a list of radicals and subversives in prominent positions in the anti-tour movement.

I don't propose to waste time on what Bill Rowling correctly described as a "silly diversionary gesture".

If 10,000 people not alleged by the Security Intelligence Service to be radical or subversive choose to join the 15 it "exposed" as already well known to be radical or subversive to protest against the tour, there are far more important lessons to be learnt than the one the Government wants us to learn.

One might note ironically that one of Hart organiser John Minto's crimes was making provocative statements in the media — an activity the Government has elevated into an art form.

More sadly, the publication of the list submerged for one or two more precious days the presentation of real party policies.

In a speech an hour after releasing the list the Prime Minister insisted that he intended to fight the election on "the positive Government policy" which he has claimed the news media submerge in trivia. The list ensured that speech, too, would be submerged in trivia.

This bashing of cymbals might work. But cymbalism — unlike the potentially positive uplift in symbolism — runs the risk of looking like extremism.

And extremism, as the Prime Minister has often pointed out, is anathema to the ordinary bloke standing in the middle of the road. Merv has got it right: spelling needs to be improved.

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Economics

We're in(to) the money; time to brake the bank

by Bob Edlin

THE increase in money supply is galloping at an annualised rate perhaps as high as 30 per cent.

There are two basic causes — the high budget deficit and unrealistically low interest rates.

The economic implications are obvious and ominous — higher inflation and a greater balance of payments deficit as spending on imported goods burgeons.

The effects are already reflected in rising house prices and financial observers suggest that share prices would be lower but for the ready availability of investment money.

There is no officially declared public debt policy, which — depending on how the Government expects to finance its borrowing — would influence interest rates. Challenging Bank of New Zealand economist Len Bayliss's economic projections last week, Prime Minister Rob Muldoon said he knew what the Government's policy to finance the internal deficit was going to be, but Bayliss did not.

But if the Government is to finance the internal deficit without increasing the money supply, interest rates would rise as competition for scarce money increases. The danger would be in generating a recession.

By holding down interest rates — essentially, talking them down through warnings — the Government is pushing up the money supply. Significantly, our real interest rates are some 6 to 7 per cent below those in Australia, and generally out of line with those of other OECD countries.

As a result, private sector credit is growing rapidly, and faster than monetary growth.

Private sector credit growth increased by 24 per cent a year in the 12 months to June (compared with 17 per cent in the previous June year) and has been rising strongly throughout the year.

It has not increased at such a high rate since the 26 per cent recorded in the September 1979 year.

Provisional figures for the monetary and credit aggregates at June 1981 showed the money

supply (M1) grew by 14.8 per cent, while the more broadly defined money supply and selected liquid assets series (M3) rose by almost 16 per cent.

Current estimates for the corresponding figures for the year to March 1981 were 13.6 per cent and 14.2 per cent respectively, and for the year to June 1980, 10.7 per cent and 16.9 per cent.

Commenting on the release of those figures, Reserve Bank Governor Ray White said the monetary aggregate growth rates had been rising since the end of 1980.

"They reflected the initial effects of a rising fiscal deficit

combined with a rising rate of private-sector expansion which reached 24 per cent over the year to June 1981," he said.

In the week ended August 20, the Reserve Bank commented, leading and deposit figures showed "continued rapid growth". Relative to the corresponding week last year, lending had risen by 26.1 per cent and deposits by 19.1 per cent.

The bank has also noted that new business written by large finance companies grew "very rapidly in June," when the increase of \$160 million was "the most rapid since statistics began to be collected by the Reserve Bank."

Officials within the administration have been expressing concern at the situation.

Publicly, the Reserve Bank's latest annual report calls for more stability in our fiscal and monetary policies and emphasises the need for adequate co-ordination of monetary and fiscal policies. It wryly notes that this "may be self-evident, but it is (a conclusion) which has at times been too easily forgotten in New Zealand."

The report asserts that "most of our problems rest with inflation generated internally by a severe cost-price spiral, aggravated from time to time by excessive swings in fiscal and monetary policies," and urges

stability "so that growth rates of the major monetary aggregates are sufficiently modest over a long enough period of time to induce some reduction in inflationary expectations and ultimately in inflation itself."

And moderate money supply growth rates might be a necessary condition for lower inflation, the directors said.

That report was prepared in February and March, when officials obviously could see what was coming.

But in accord with past election-year administration by vote-conscious governments, Muldoon must be anxious to stimulate the economy so that

the populace is content come polling day. Governments normally pump up the budget deficit and money supply in election years, then put the brakes on after November.

Not surprisingly, the biggest growth in lending has been to farmers and in the personal loans sector.

But after the election, the economy will be in much sadder shape than usual, and the 50,000 (conservatively recorded) unemployed will complicate the Government's capacity to impose a stern deflationary regime. Repairing the damage can only be much more difficult this time than in previous years.

Horticulture '81 Seminar Programme

15 — 20 September 1981

Wellington Show Buildings



Sponsored by the Shipping Corporation of New Zealand.

Export Markets and Exporting of Horticulture Products

Exporting has received a lot of interest over the last few years, which has been stimulated by the export incentives. This has created a lot of pressure for the exporters trying to establish export markets, the packaging companies to develop suitable packaging, and the transport services in providing the freight capacity. This seminar is aimed at covering these topics and providing a forum for questions and discussion.

Introduction

- Export Marketing
- The need for professionalisation

Sue MacLeary
Export Institute

Export Markets

- An overview of the marketing patterns for:
- (a) Fruit and vegetables
- (b) Flowers
- (c) Plants

Packaging

- Important considerations

Malcolm McCowan
U.E.B.

Air freight

- The future of Wellington as an international Air Link

Alan Tate
Air New Zealand

Sea freight

- Distribution of Horticultural Commodities using sea freight

John Leverage
New Zealand Shipping Corporation Ltd.

- Transportation and handling systems for horticultural commodities

John Leverage
A.I.D.

Days: 16 September
Times: 4.00 — 5.00 pm
Place: Wellington Show Buildings — Theatre

Investment in Horticulture

Horticulture provides many incentives which attract investors. The incentives in the form of taxation benefits have encouraged many businesses to either form a partnership, or simply use their funds to take advantage of the savings. This seminar is aimed at covering important issues of concern to investors, including a discussion on personal experience.

Introduction

- Why invest in Horticulture?

PH,
Trade and Industries

Other important considerations

- Investment in Horticulture: Capital Factors
- Which incentives are applicable?

Investment and finance

- Source of Finance for Horticulture Investment
- Rural Bank
- Trading Bank
- U.E.B.

Mechanics of investment

- Consideration for investment
- Partnership as an Option
- Key financial ratios

PH,
Banking
Sgt Peter Smith

Date: 15 September
Times: 4.00 — 5.30 pm
Place: Wellington Show Buildings Theatre.

Growers session

To follow on from the Growers Breakfast a session of seminars covering topics of interest to the growers in the Wellington and Horowhenua area will be run. The topics include plant breeding, disease control, production information and technical development.

How to improve your own techniques

- Horticultural Education
- Ministry of Agriculture & Fisheries

Ministry
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Fruit production and topics of interest

- Bramble and Strawberry Breeding
- Disease Control of Berryfruit

Harvey Hall
Crop Research Division

Processing of Berryfruit

- Processing of Berryfruit

Mr Tate
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Manufacture of Fruit Juice

R.A. McNamee
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Vegetables and topics of interest

- Hybrid Tomato Breeding
- Butterhead Lettuce Production

Mike Malone
Crop Research Division

Asparagus Cultivation

Levin Horticultural Research Centre

Protected cropping

- The use of modules and their application
- Micro-Propagators of Plants
- Controlled Climate Application Techniques

Anton Nicoloff
Crop Research Division

Dr. Whitehead
Levin Horticultural Research Centre

Dr. Cohen

Date: 17 September

Times: 9.30 am — 1.00 pm

Place: Wellington Show Buildings Theatre.

Japan co 116

DWME 82212

Fishing

Fletcher stakes claim for fishing primacy

From Page 1

The submission to the department noted: "The combined annual turnover of the two operating units is currently \$17 million and 85 per cent of this turnover is exported."

But, said the company, "all

members of the Fletcher Fishing management team believe that the New Zealand fishing industry lacks two basic requirements: adequate top-level management skills and adequate financial resources.

"We believe that Fletcher

Fishing can provide the right blend of management skills and financial backing to become a pivotal growth point for the New Zealand industry as a whole."

The company believes its own experience in operating

the Fletcher fleet "confirms the intuitive feel that fleet operation helps remove some of the risk element from catching" by reducing the time required for searching out fish schools.

This, the company believes, will be important when considering investment in deep water freezer trawlers.

Says the submission: "We are getting increasing indications that deep-water fishing operations for New Zealand-owned vessels could be profitable under the right conditions."

"We are concerned about the size of the investment required in catching vessels in relationship to the overall size and financial strength of existing fishing companies, including our own."

On-shore facilities are described as small-scale, with high New Zealand labour costs. Distance from main markets, with consequent higher freight costs than overseas competitors, are also seen as a handicap.

"So we have a double disadvantage. Firstly, small, under-capitalised production units with cost levels appropriate to high-value species and unable to process high volumes of lower-value species at lower cost."

"Secondly, high containerised freight rates, with other freight methods being ruled out due to lack of availability of suitable cold storage, for collecting sufficient product to justify chartering of reefer vessels."

But, the company has given Agriculture and Fisheries perception of the processing problems and its solution. "We believe that the current division of the industry into a multitude of small processing units scattered around the coastline cannot continue if the deepwater resource is to be adequately developed for New Zealand, rather than foreign, benefit."

"Given adequate tied resources and fishing power we will invest in the high-productivity, high-volume, mechanised plant required to bring processing costs to levels dictated by the international market."

The company says its has counted 20 "substantial" markets open to its fish but "we see a quite extraordinary fragmentation of the New Zealand marketing effort."

"The company thinks a genuine marketing effort must involve a "substantial" commitment of the supplier's time, creativity and resources to each market. The present splintered industry, it says, is not doing this and New Zealand is not getting as much for its fish resources as it should be getting."

"Nor are we 'influencing' markets by direct ownership and involvement in overseas distribution companies."

Fletcher Fishing itself is taking "practical steps" to set up a distribution company in Australia with a minority local partner.

To exploit the potential catch of up to 500,000 tonnes, Fletcher Fishing maintains that joint ventures remain the key, with direct Government influence on the shape and development rate of the industry through "its power to allocate joint-venture operating permits."

Indeed, the company argues, the best means of achieving the

maximum sustainable economic benefit to New Zealand for each tonne of fish caught is "by having fewer, larger co-operative ventures all operating within fully integrated fishing companies."

Coincidentally, perhaps,

Fletcher Fishing points out in its submissions that it is adopting this system approach in its planning, directly taking account of a fishing company's operations: catching, processing,

DON'T MISS HORTICULTURE 81

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Portrait of Rembrandt with a feather in his hair.

Sharemarket

Pleasing bouquet to Penfolds' '81 vintage ambitions

by Klaus Sorensen

PENFOLDS NZ Ltd could hardly have picked a worse time to float to the public.

The two currently listed wine companies, Montana and Cooke, are going through a period in the doldrums as far as market popularity is concerned; there is talk that the current grape shortage will move to over-capacity in two years time; and the industry seems to be in disarray over rumours of watering of wine and the use of imported German grape juice flavourings.

And add to that the sharemarket's current cash issue and new float-induced malaise — the result is a poor climate for a wine company float.

But Penfolds has a lot going for it despite all the problems it faces.

In marketing, the company has few peers and the undoubted far-sightedness and entrepreneurial ability of managing director Frank Yukich has seen Penfolds develop on a remarkable scale since he brought control in 1977.

The issue is a relatively small one, with two million 50c shares being offered at \$1.25 a share, and the yields and price earnings figures are sufficiently generous to make a premium over the issue price likely when the shares trade.

The company paid an initial 6 cents a share dividend in 1980, 7 cents in the 1981 financial year and the directors expect that a planned lift in profit, from \$1.1 million in 1981 to \$1.5 million for the current financial year to June 30 1982,

will allow the payment of 8 cents a share for that year.

Penfolds finance man and secretary Bruce Munro told a press conference last week the company expects dividend growth on an annual basis to be in excess of inflation — so shareholders have the added benefit of investing in a company with a stated dividend policy.

Winemaking is unusual in that it is initially very capital-intensive, but after establishment costs, capital requirements at a winery are relatively low.

The money raised by the float will help to finance the \$4.25 million Gisborne Winery construction which is so far one third completed, and Munro made the point last week that once the initial \$4.25 million has been spent on the winery any additional expansion would be relatively inexpensive.

He calculated that the capacity could be increased threefold for half the original cost.

Yet all this expensive plant will really only be used for 12 weeks of the year.

What Penfolds is particularly pleased about is the recent government decision to make the wine industry an approved industry under a five-year plan to strengthen it to the stage where it can operate without protection.

Two moves favour Penfolds especially — a 40 per cent investment allowance related to depreciation and a 10 per cent sales tax rebate which is also applied to equipment.

According to Munro, "it couldn't have come at a more appropriate time for the Gis-

borne project — some 70 per cent of the investment in the winery will receive that 40 per cent investment allowance."

The result will be substantial tax savings to the company. Munro estimated Penfolds will not pay tax for three years "and more probably for five years with export incentives — if they are still there then."

Another unusual aspect of the wine business is the huge fluctuations in inventories. Penfolds buys in grapes at the end of the season from its contract growers and this coincides with its balance date — the result is a lowering of proprietorship ratios at times.

The large stockholdings also require a solid cash flow to allow some premium wine stocks to mature before sale.

However, the finances will improve by 1982 when Munro expects the 1981 proprietorship of 45 per cent of shareholders' funds to total assets will rise to around 58 per cent.

But there are advantages in the way the wine business is structured, the industry is in some ways less susceptible to cost increases because much of the capital input into winemaking is fixed.

The price structure of a 750ml bottle of wine finds the basic wine production costs amounting to only 13 per cent of the total overheads, such as warehousing, freight, marketing, administration, interest and profit, jointly account for 22 per cent and bottling and packaging makes up 16 per cent. That makes 51 per cent — and as any schoolboy knows, the other 49 per cent is made

up of the distributors margin, and sales tax.

While Penfolds' recent moves to outbid competitors for grape supplies might be seen as likely to significantly increase retail costs, the grape cost proportion of the bottle of wine is only 13 per cent.

The keynote at Penfolds is cost-efficiency, and the company hopes to hold the rate of price increase for wine to below the CPI in future through ensuring production facilities are totally efficient, and by moving towards standardisation of bottles.

But Penfolds innovative attitude towards wine company structuring is hoped to pay the biggest dividend for shareholders. The company has decided it does not want to be a grape producer — it wants to concentrate its technical and financial resources on winemaking and marketing — and is content to let contract growers produce the grapes.

Though it might be thought that the quality of grapes purchased from contract growers would not be as high as grapes grown by the company, Yukich disagrees. He believes the fact that growers are tied to Penfolds for a 15-year period by contract and the fact that they rely on the quality of their grapes for their livelihood, allows for better planning and higher quality.

Vineyards belonging to large companies will never be as carefully tended as one belonging to a private grower whose sole income it is, says Yukich.

By 1982 Penfolds will be solely reliant on contract supplies — with the exception of a

three-acre "house" vineyard at Henderson. At the moment Penfolds has 1700 acres of grapes under contract, but the planting programme is going full steam with another 1200 acres to be planted this year and 1000 acres by next year.

After this year the company will have 2900 acres of vineyards which is equivalent to a production for 1981 of 4800 tonnes of grapes — the 1982 grape tonnage will rise to be between 6500 and 7000.

Winemaking will gradually be phased out of Henderson and concentrated at the new Gisborne plant. The finished or semi-finished wine will be transported from Gisborne to Henderson by tanker for bottling and warehousing — and that will be the sole function of Henderson — apart from its thriving bistro-barbecue-wine bar facility.

But there are two sides to Penfolds' winemaking. On the one hand, the company is quickly establishing itself as a maker of top-class premium wines (yes, the ones with 95 per cent grape juice) — and on the other hand has a big slice of the bulk wine market.

Nobody at Penfolds pretends the bulk wine is anything other than good old humble plonk — but at the same time they take glowing pride in such lines as their recently produced Champagne — painstakingly made to true French Champagne standards.

But it's the bulk wine where the big money — and the big market lies.

Penfolds is market leader in the catering cask business — it distributes the 50 litre pres-

surised stainless steel casks around the country to bars and restaurants — and even though it can process and refill up to 500 casks a day, winery manager John Baruzzi expects the line will have to be trebled in capacity in the next three years.

But there will be plenty of growth in premium wines too, and Penfolds is planting a large range of premium vines, including the Muscat Canelli, which is the base for the Italian Asti Spumante sparkling wine. Penfolds is at the same time ensuring the quality of vines by producing them from the company's own nursery.

Yukich has long been a staunch campaigner against watered wine and he led the fight to have a 95 per cent grape juice content in premium wines — a condition imposed last year.

But at the same time he also advocates the importation of overseas grape juice and flavourings for bulk wines. Though a seeming contradiction, Yukich is quick to point out imported grape juice is better than tap water.

Though Penfolds is still only small in terms of total wine production the company's excellent marketing and ambitious growing and winery plans seem set to provide greater growth than its competitors — and that's what equity investors are looking for.

During a tour of the winery last week, Yukich's influence was brought home when Baruzzi pointed to a small brick wall at the end of a shed — "That's probably the only piece of pre-1977 brickwork here."

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Applications will be treated in the strictest confidence and should be addressed in writing to:

Advertising Manager
P.O. Box 9344
WELLINGTON

Handwritten note: 10/10/81

Finance

The business week

Bunting and Co Ltd lodged a formal takeover offer for all the issued capital of Southern Cross Media (Dunedin) Ltd. The offer was one Bunting share for each Southern Cross share held, subject to the approval of the examiner of commercial practices. Southern Cross directors recommended shareholders accept.

Ceramco Ltd will not be participating

In the proposed float by Energy Resources (NZ) Ltd for a coal-mining venture as the proposal did not fit with current company strategies.

DRG (New Zealand) Ltd Unaudited group profit after tax for the six months to June 30 was \$666,000 (last year \$574,000). An interim dividend of 6.5 per cent (last year 5.5 per cent) will be paid on November 3.

Dunlop New Zealand Ltd Unaudited after-tax profit for half-year to June 30 was \$1,935,000 (last year \$1,783,000). An interim dividend of 15 cents a share will be paid on November 10. An extraordinary meeting on Tuesday approved a \$8 million increase in authorised capital and authorised the proposed 1-for-4 issue of 1,634,000 ordinary shares at a premium of \$2.

Golden Bay Cement Co Ltd Unaudited profit after tax for the six months to June 30 was \$2,010,000 (last year \$1,400,000). An interim dividend of 2.5 cents a share will be paid on October 30.

Home Industries (NZ) Ltd Audited net profit for the year ended June 30 (last year \$2,641,000) was \$2,068,000. Final dividends of 3%

per cent for "A" redeemable preference shares and 9 per cent for ordinary shares are recommended. The annual meeting will be held on September 30.

Ivon Watkins-Dow Ltd Unaudited profit after tax for the six months ended June 30 was \$1,282,000 (last year \$2,112,000). An interim dividend of 11 per cent (last year 9 per cent) will be paid September 30.

Lane Walker Rudkin Industries Ltd Unaudited profit after tax for the year ended June 19 was \$3,307,000 (last year \$2,641,000). A final tax-free dividend of 5 cents a share is recommended.

The annual meeting will be held on October 10.

Midland Coachlines Ltd directors have recommended that shareholders accept the Ceramco Ltd offer to acquire all shares in the company. The Ceramco offer is conditional on 90 per cent acceptance but Ceramco has the option of declaring the offer unconditional once it has reached the 50 per cent level.

NZ Industries Ltd Unaudited group profit after tax for the year ended June 30 was \$11,752,000 (last year \$12,213,000). A final dividend of 8 cents a share will be paid on October 30.

NZ News Ltd has acquired a 20 per cent interest in Visionaire Holdings Ltd.

New Zealand Oil and Gas Ltd Public share issue opened August 21. The

Minister of Energy has recommended that NZ Oil and Gas acquire the shares of Petroleum Co Ltd and thereby acquire all the shares in the company. The offer is conditional on 90 per cent acceptance but the offer is unconditional once it has reached the 50 per cent level.

Rothmans Industries Ltd Unaudited consolidated net profit after tax for the year ended June 30 was \$8,840,000 (last year \$6,841,000). A final dividend of 5 cents a share to be paid on November 27. Three cents of the total 5 cents a share to be paid in tax-free. A 1-for-7 bonus issue is recommended in the final dividend. The final meeting will be held on November 27.

Yates Corporation Ltd has recommended that the remaining 60 per cent of the shares in Yates Plastics Ltd, making it a wholly owned subsidiary.

COMPANY SECRETARY (DESIGNATE)



WILKINS AND DAVIES CONSTRUCTION COMPANY LIMITED

THE COMPANY:

Wilkins and Davies is one of New Zealand's leading construction companies in the field of major civil and mechanical construction. It is well placed to participate in the major project developments that will occur in New Zealand in the next decade. An overseas division headquartered in Malaysia is expanding the company's offshore workload. In South-East Asia.

THE POSITION:

The present Company Secretary will be retiring in late 1982 and we wish to appoint a Company Secretary (Designate) to assume the position of Company Secretary at that time.

The Company Secretary is responsible for the corporate, legal, insurance and secretarial functions of the company.

He is the Secretary to the Board of Directors of the company and its subsidiaries. The position could be fulfilled by a person holding either a commerce, accounting or legal qualification.

THE PERSON:

A wide experience in the corporate affairs of a major company is essential. Although the financial and accounting functions of the company are the responsibility of the financial controller, experience in the interpretation of accounts and financial statements is a requirement of the position. The position could be fulfilled by a person holding either a commerce, accounting or legal qualification.

LOCATION:

The company's Head Office is in Auckland city.

REMUNERATION:

This senior position in the company commands an excellent remuneration package which will attract applicants already earning above average salaries. Other benefits include participation in a bonus scheme, superannuation, fully subsidised medical insurance and a company car.

APPLICATIONS:

Should be made in writing, marked "confidential", and setting out details of previous experience to:

The Managing Director,
P O Box 6645, Auckland 1.
Further details may be obtained by phoning Mr D.O. Stephens at Auckland 798-320.

GROUP FINANCE MANAGER

New Position — Region \$26,000 + Car

Our client, a manufacturer of electrical supplies and equipment, is restructuring its organisation and placing greater emphasis on the finance function. They wish to appoint a top-class financial controller to manage and control the finance and accounting functions of the three operating divisions in the Group. The person appointed will have full responsibility for all accounting, cash management and computer functions within the Group, and will work closely with the Chief Executive in planning future developments.

We seek a suitably qualified person with a minimum of BCom/ACA who can demonstrate record within a larger commercial or industrial concern. Well-developed man-management and communications skills are required, together with the ability to support and advise the Chief Executive on all financial and other relevant matters.

The remuneration package to be negotiated will include membership in a generous superannuation plan.

Confidential applications should be addressed to:

Mr M. J. Henshall
Management Services Division,
PO Box 6446,
Auckland.
Initial phone enquiries to 771-649 Auckland.

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- Enzed is the largest manufacturer of its kind in the South Pacific.
- We have a dedicated local sales team with sales personnel based overseas.

The Product:

High-pressure hydraulic fittings for both the local and export markets. Our manufacturing operation is extremely sophisticated and modern.

Reason for Appointment:

The company is restructuring top management to take full advantage of opportunities for further expansion in both local and export markets.

General Comments:

Applicants must have experience in coordination of sales personnel and be able to communicate with and motivate distributors in both local and export markets. He must be prepared to travel.

This is a top executive position, persons will only be considered who have proven track records. Address your application in confidence to:

Managing Director,
ENZED PRECISION PRODUCTS LIMITED
P O Box 51-108,
Pakuranga, Auckland

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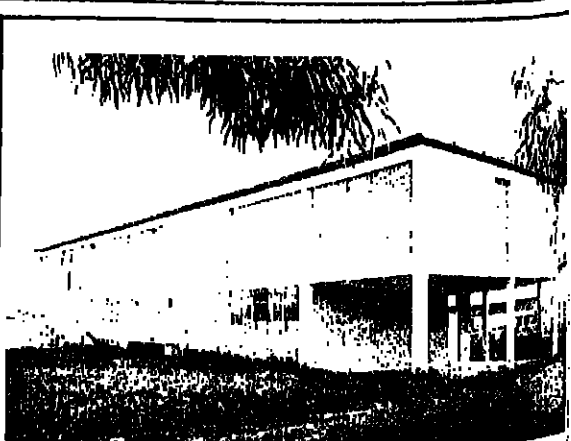
Successful real estate and insurance sales persons could well open up new horizons. This offer does not exclude other successful business people.

The manufacturer will supply to the successful applicants the required selling tools for success, but it will be the responsibility of the successful franchise holder to run their business, supervise fixing and ensure their own success and profit.

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W.K. Pearson,
Sales Manager — Permalum Division
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P O Box 12-048, Auckland

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Stock Exchange weekly review

FOR WEEK FRIDAY AUGUST 21 TO THURSDAY AUGUST 27

	Last sale	Week's high	Week's low	Turnover		Last sale	Week's high	Week's low	Turnover		Last sale	Week's high	Week's low	Turnover
Airwork, 50c	118	118	118	0	Hauraki Enterprises, 25c	140	140	140	11300	Smiths C M	195	195	190	28000
8% pr	125	125	125	0	Hawkins, 50c	102	102	102	200	Sith Cross Hotel	190	190	135	400
Alcan, 50c	406	406	406	0	H B Farmers	280	285	280	200	Sith Cross Mins, 20c	40	40	40	32800
A H I	287	288	285	14100	13% conv pr	180	180	180	0	S F M	292	292	290	9400
Alliance, 50c	140	140	128	21100	Healing	205	267	205	2700	Spedding, 50c	78	78	70	5800
12% conv pr	113	113	113	600	12% conv pr	260	260	250	100	12% conv pr	78	78	78	1000
Alliflex	140	146	140	14200	H Poland	480	480	480	0	Steel & Tube, 50c	128	135	128	31800
Allied Farmers	338	338	338	5700	10% conv pr	400	400	400	0	Suckling	160	160	160	0
12% conv pr	388	388	388	200	Henry Barry, 50c	178	188	178	11900	Taylor	180	180	180	0
Alloy Steel	228	228	228	0	Holmes	280	280	280	0	12% conv pr	180	180	180	500
A M Bailey, 50c	245	245	245	6100	Hume Industries	172	172	170	20500	12% conv pr	140	140	140	0
Ampol Pet, 50c	247	247	247	0	5-7.5% pt pr	40	40	40	2100	T J Edmonds	300	305	300	700
A Beaven	148	152	147	14500	I C I (NZ)	208	218	208	11800	Tollay	190	195	190	15400
11% 5% conv pr	130	130	130	1500	Ind Broadcasting	102	102	102	0	Tourist Corp of Fiji	67	67	67	0
18 can pref	140	140	130	4000	Ind Chem, 50c	188	188	180	12600	Trans Ashburton, 50c	118	118	118	147200
Andas Group	150	160	150	1000	I Watkins-Dow, 50c	195	195	195	1200	TNL Group, 50c	118	118	118	147200
5-6.5% pr	121	121	121	0	James Smith, 50c	230	230	230	300	10% conv pr	90	90	90	100
12% conv pr	127	127	127	0	14% conv pr	85	85	85	20800	12% conv pr	110	110	110	1000
ANZ Banking Group	355	360	355	24800	12% conv pr	60	60	60	0	Trans (Nth Cant)	145	145	145	400
A Wright	370	370	370	0	J Burns	103	106	100	32100	13.5% conv pr	118	118	118	0
'A' 8-7.5% pr	80	80	80	0	14% conv pr	215	215	215	2900	15% conv pr	118	118	112	48000
'B' 6-6% pr	80	80	80	0	John Edmond	260	260	245	2900	U E B, 50c	115	115	115	0
A Barrett	355	355	345	1200	J Webster, 50c	70	70	70	2400	12% conv pr	105	108	104	1900
A Elia	55	55	50	10200	12% conv pr	57	57	57	200	15% conv pr	14	14	14	6900
Ashley Borth	388	388	385	500	J Nathan	160	160	150	1000	Unimark	305	305	305	6700
A D Cables	330	330	330	5300	J Raiteny	260	260	260	500	Unimark Publishing, 50c	12	12	12	0
Attie, 50c	55	55	55	27037	12.5% conv pr	210	210	210	0	Vacuum, 50c	25	25	25	0
10% conv pr	55	55	55	1850	L W Rudkin, 25c	80	95	80	37900	12% conv pr	72	72	72	0
Auck Gas	265	265	265	4200	12% conv pr	125	125	125	200	15% conv pr	140	140	140	100100
Aurora, 50c	232	232	232	227	10% conv pr	225	225	225	8300	Walker & Hall	140	140	140	2100
10% conv pr	280	280	280	3400	L D Nathan	225	240	225	8300	12% conv pr	110	110	110	2100
14% conv pr	168	168	168	800	15.5% conv pr	215	215	215	14500	14% conv pr	110	110	110	2100
A C I	270	270	270	0	15.5% conv pr	215	215	215	14500	12% conv pr	110	110	110	2100
Aurocrat Sanyo	278	280	278	2100	Layfield, 50c	165	165	165	400	14% conv pr	110	110	110	2100
Baker, 50c	80	80	80	2700	Lion, 50c	147	153	146	67700	12% conv pr	110	110	110	2100
Bullfinch, 50c	125	128	125	22800	10% conv pr	160	161	160	6200	14% conv pr	110	110	110	2100
11% conv pr	115	115	115	700	12% conv pr	125	125	125	2400	12% conv pr	110	110	110	2100
Bank NSW	540	550	540	1200	L & M Oil, 50c	240	240	240	210	14% conv pr	110	110	110	2100
Bank of New Zealand	445	445	445	136000	Listerford	240	240	240	6000	12% conv pr	110	110	110	2100
Bendalls	187	188	187	136000	Manitex Corp, 50c	220	220	220	4000	14% conv pr	110	110	110	2100
Bing Harris, 50c	81	82	82	8000	15% conv pr	240	240	240	210	12% conv pr	110	110	110	2100
B N Z Finance	360	360	350	1800	Manawatu Pnt, 50c	110	110	110	900	14% conv pr	110	110	110	2100
B N Z Insurance	108	114	108	100	Manawatu Pnt, 50c	110	110	110	900	12% conv pr	110	110	110	2100
Brinsford Mining	470	485	470	43400	Manawatu Pnt, 50c	110	110	110	900	14% conv pr	110	110	110	2100
Brinsford, 50c	255	255	255	0	Manawatu Pnt, 50c	110	110	110	900	12% conv pr	110	110	110	2100
10-75% spvc pr	77	81	76	3700	Manawatu Pnt, 50c	110	110	110	900	14% conv pr	110	110	110	2100
Brix, 50c	2350	2350	2350	2100	Manawatu Pnt, 50c	110	110	110	900	12% conv pr	110	110	110	2100
B H F, 200c	350	350	350	4000	Manawatu Pnt, 50c	110	110	110	900	14% conv pr	110	110	110	2100
Brother, 50c	200	200	200	4700	Manawatu Pnt, 50c	110	110	110	900	12% conv pr	110	110	110	2100
Bunting, 50c	200	200	200	4700	Manawatu Pnt, 50c	110	110	110	900	14% conv pr	110	110	110	2100
C P D	200	200	200	4700	Manawatu Pnt, 50c	110	110	110	900	12% conv pr	110	110	110	2100
10% conv pr	200	200	200	4700	Manawatu Pnt, 50c	110	110	110	900	14% conv pr	110	110	110	2100
C F M	200	200	200	4700	Manawatu Pnt, 50c	110	110	110	900	12% conv pr	110	110	110	2100
12% conv pr	200	200	200	4700	Manawatu Pnt, 50c	110	110	110	900	14% conv pr	110	110	110	2100
Cant Flour	200	200	200	4700	Manawatu Pnt, 50c	110	110	110	900	12% conv pr	110	110	110	2100
Cant Timber	200	200	200	4700	Manawatu Pnt, 50c	110	110	110	900	14% conv pr	110	110	110	2100
12% conv pr	200	200	200	4700	Manawatu Pnt, 50c	110	110	110	900	12% conv pr	110	110	110	2100
Capital Radio, 25c	115	115	115	0	Manawatu Pnt, 50c	110	110	110	900	14% conv pr	110	110	110	2100
Capital Life, 50c	100	100	100	500	Manawatu Pnt, 50c	110	110	110	900	12% conv pr	110	110	110	2100
Carbonic Ice	280	280	280	1300	Manawatu Pnt, 50c	110	110	110	900	14% conv pr	110	110	110	2100
Carter Holt	380	380	380	7300	Manawatu Pnt, 50c	110	110	110	900	12% conv pr	110	110	110	2100
CFA Finance, 50c	305	310	305	10700	Manawatu Pnt, 50c	110	110	110	900	14% conv pr	110	110	110	2100
CCL	280	280	280	6300	Manawatu Pnt, 50c	110	110	110	900	12% conv pr	110	110	110	2100
Coastal	260	260	260	3100	Manawatu Pnt, 50c	110	110	110	900	14% conv pr	110	110	110	2100
12% conv pr	175	175	175	0	Manawatu Pnt, 50c	110	110	110	900	12% conv pr	110	110	110	2100
10% red spoc pr	400	400	400	0	Manawatu Pnt, 50c	110	110	110	900	14% conv pr	110	110	110	2100
Cheney	305	310	295	4700	Manawatu Pnt, 50c	110	110	110	900	12% conv pr	110	110	110	2100
Chick Gas	300	300	300	2600	Manawatu Pnt, 50c	110	110	110	900	14% conv pr	110	110	110	2100
Chick Press	385	385	385	0	Manawatu Pnt, 50c	110	110	110	900	12% conv pr	110	110	110	2100
City Realities, 10c	52	52	47	6800	Manawatu Pnt, 50c	110	110	110	900	14% conv pr	110	110	110	2100
12% conv pr	115	117	115	1300	Manawatu Pnt, 50c	110	110	110	900	12% conv pr	110	110	110	2100
Collingwood, 50c	58	58	58	4400	Manawatu Pnt, 50c	110	110	110	900	14% conv pr	110	110	110	2100
13% conv pr	52	52	52	200	Manawatu Pnt, 50c	110	110	110	900	12% conv pr	110	110	110	2100
Col Motor	320	320	320	0	Manawatu Pnt, 50c	110	110	110	900	14% conv pr	110	110	110	2100
Colyer Watson	112	112	112	500	Manawatu Pnt, 50c	110	110	110	900	12% conv pr	110	110	110	2100
Comcal, 50c	220	225	220	3100	Manawatu Pnt, 50c	110	110	110	900	14% conv pr	110	110	110	2100
Command	185	185	185	4800	Manawatu Pnt, 50c	110	110	110	900	12% conv pr	110	110	110	2100
Con Metal, 50c	182	185	182	4800	Manawatu Pnt, 50c	110	110	110	900	14% conv pr	110	110	110	2100
200c	200	200	200	0	Manawatu Pnt, 50c	110	110	110	900	12% conv pr	110	110	110	2100
Con Minerals, 4c	18	20	18	48700	Manawatu Pnt, 50c	110	110	110	900	14% conv pr	110	110	110	2100
Cook's Wine	118	135	118	3900	Manawatu Pnt, 50c	110	110	110	900	12% conv pr	110	110	110	2100
Cory-Wright	215	215	215	0	Manawatu Pnt, 50c	110	110	110	900	14% conv pr	110	110	110	2100
12% conv pr	225	225	225	0	Manawatu Pnt, 50c	110	110	110	900	12% conv pr	110	110	110	2100
16.25% conv pr	200	200	200	0	Manawatu Pnt, 50c	110	110	110	900	14% conv pr	110	110	110	2100
Crown Consolidated	240	245	240	31100	Manawatu Pnt, 50c	110	110	110	900	12% conv pr	110	110	110	2100
11% conv pr	225	225	225	0	Manawatu Pnt, 50c	110	110	110	900	14% conv pr	110	110	110	2100
C S R	982	992	982	1200	Manawatu Pnt, 50c	110	110	110	900	12% conv pr	110	110	110	2100
Dalgety (NZ)	293	298	293	3000	Manawatu Pnt, 50c	110	110	110	900	14% conv pr	110	110	110	2100
Dalhoff & King, 50c	62	63	62	12400	Manawatu Pnt, 50c	110	110	110	900	12% conv pr	110	110	110	2100
Deanes	170	170	170	3100	Manawatu Pnt, 50c	110	110	110	900	14% conv pr	110	110	110	2100
D I C	218	218	218	0	Manawatu Pnt, 50c	110	110	110	900	12% conv pr	110	110	110	2100
12% conv pr	65	65	65	0	Manawatu Pnt, 50c	110	110	110	900	14% conv pr	110	110	110	2100
Dinnywall & Paulger	360	360	360	300										

MOWD wins out in costs comparison

From Page 1

cheaply and quickly than the ministry.

Finally, Prime Minister Rob Muldoon agreed to the cost comparison and a study team, led by Treasury and representing the ministry and the federation, was assembled.

Its research led to one overriding conclusion: "MOWD has had a significant advantage because of Government's ability to purchase machines and diesel fuel at prices less than those paid by plant-hire companies."

"This one factor dominates the calculations made and the conclusions reached."

The report concludes that ministry costs are less than private contractors for crawler-tractors, but higher for rubber-tyred machines.

However, "It has not been possible to draw any conclu-

sions as to the relative 'efficiency' of MOWD and plant-hire companies, because of the existence of Government's purchasing advantages."

The department's assessment comes from the report's comparison of hourly rates (See table).

The contractors themselves say the Government purchasing advantage makes any comparison invalid. Also, they argue, the probe was only a preliminary to a more detailed investigation that would also take into account the cost of doing work as well as the hourly charge rate for plant and equipment.

They add, too, that interest charges and insurance costs were not included in the departmental costings.

However, according to federation president Tony Mills,

Machine	Year	Inward-hire Rate (Plant-hire company's charges)	Simulated Plant-hire Company Cost
CAT DBH	1972	36.22	36.38
CAT DBH	1974	38.28	39.52
Momatsu 155	1975	38.83	49.12
CAT D9G	1972	47.59	44.29
CAT D9G	1974	50.54	64.03
CAT D9H	1974	58.18	82.20
IHC 285B	1974	52.75	71.23
Champion 688	1975	22.27	29.87
IHC 650	1975	43.03	70.19
CAT 78B	1975	34.79	58.18

NB: Rate applicable only up to June 1978.

that next phase is now "imponderable".

The first step, he told NBR last week, was "so drawn out and very costly" and was made more difficult because of "the impossibility of getting two identical comparisons."

Mills also points to a com-

ment by the Government Stores Board in its 1980 annual report that identified the "considerable" benefits from the use of overseas post facilities for departmental purchasing purposes.

Said that report: "There is ample documentary evidence

available to confirm this one-third cost saving which is exclusive of any customs duty considerations."

The federation admits, however, that it agreed the report could be made publicly available to parties that requested copies.

The ministry itself saw this as an opportunity to briefly outline the report and its results in its annual report to Parliament.

"The MOWD report stated: 'The study completed to date indicates that the department obtains a substantial advantage by purchasing plant competitively. All costs, overheads and capital charges were included so that a group of plant items could be compared on equal terms.'

"On average the cost of departmental ownership was 7 per cent lower.

"The department's records were comprehensive while little information was obtained from

other sources. The study confirms that the department's knowledge of its costs is well founded and that it is therefore, in a position to reliably estimate the cost of work."

"That little piece of public self-congratulation was the first time knowledge of the report and its embarrassing conclusions became public."

Works Commissioner J. Cheshernan will make no further comment: "I think it's free-standing statement that think it needs any expansion."

However, the department is known to be secretly baying that criticism of its operations can be dismissed as a time-wasting exercise in major hydro-construction is being executed.

For the moment, the lies dormant. But the ex-patriates are marshalling their formation in readiness for political outcry.

Staying under wraps

ENERGY Minister Bill Birch said last week that energy development and the associated projects would not be further opened to the public at the planning stages under the official information legislation.

Asked at the geography conference in Wellington if he thought the Official Information Bill, — now in its second week of select committee submissions — would affect public dissemination of information, Birch said: "Probably not a great deal."

"The issues which attract public attention are largely unresolved matters," he said. "Once a decision is made, full disclosure follows. But it's

not until a decision is taken: we have any firm information to release.

"Detailed advice or opinion from officials is unlikely to become public information until those views become official Government policy. It is possible in any corporate structure for information coming to the board of directors, and may contain an opinion, to be out to the public."

"All the information available once that information comes to be official Government policy. That will be the same with the Government and the rest," said.

Rotorua bubbling its way into big tourist promotion

by Mike Smith

THINGS are bubbling in Rotorua.

While the Government and private enterprise groups launch a campaign to promote New Zealand in Australia and elsewhere overseas, major marketing efforts are planned to promote Rotorua nationally and internationally.

New initiatives include: ● The forming of a Rotorua Promotion Society with a membership of top business people paying a \$2000 membership fee each.

● A move by Rotorua's National Travel Association branch to retain only token affiliation with the national body, while using local funds to promote Rotorua.

The promotion society's campaign plans are unique, because it is the first time a New Zealand centre has made a major effort to promote itself overseas, divorced from the country's other attractions.

The moves by the promotion society and the NTA branch are said by their spokesmen to be complementary and in no way usurping the district council's public relations office.

However, there has been an undercurrent of criticism that not enough was being done to promote Rotorua.

The promotion society plans to work on high-cost projects, while the NTA branch will aim at promoting Rotorua locally and nationally.

With 40 members and more than \$60,000 in the kitty, the promotion society plans a series of television advertisements with a Rotorua theme song to be screened in February-April next year. Spearheading the promotion society's overseas marketing efforts will be a film on Rotorua tourist attractions.

Promotion society chairman George Harford is critical of the Government Tourist Bureau film that will be used in the Australian marketing effort in the combined Government-tourist industry promotion.

He says it bears no relation to Rotorua, as it was filmed in Queenstown and shows an old truck picking up a hitch-hiker. Harford estimates that tourism brings \$10 million to the "Tourist Diamond" each year, emphasising the industry's importance to the region.

The society's aim is to bring together the efforts of Rotorua businesses which would otherwise be forced into individual marketing campaigns, he says. "We think 10 businesses can far better promote Rotorua together than individually."

While the promotion society is aimed at gathering support from Rotorua's larger businesses, the NTA branch is recruiting members from smaller firms as well as the tourist industry.

To ensure its funds are directed into promoting Rotorua, the branch is

withholding funds from the national body.

Only a token affiliation will be retained, with the major part of members' funds to be spent on promoting Rotorua.

NTA Rotorua branch chairman Alan Gee says the branch has 68 members and there is no reason why this shouldn't be boosted to 200 or 300. The branch will aim at bringing in businesses which, although not directly involved in tourism, are connected to it through trade, such as suppliers.

A promotional campaign in the South Island will be the branch's first step in promoting Rotorua. The campaign is being organised in conjunction with Air New Zealand, and will use the airline's new low fares to promote travel to Rotorua.

Gee says Rotorua window displays will be set up in Air New Zealand offices in the

South Island, initially Nelson and Christchurch. There will be saturation coverage of Rotorua in each centre, with promotions in newspapers and on air.

The plans to promote Rotorua have come at a time of activity in the city's hotel industry.

Approval has been given for the building of a Rotorua Regency Hotel costing \$17 million. The hotel will have two circular towers, one of 10 storeys, the other of six storeys, containing a total of 200 rooms and suites.

The developers say the hotel is planned to meet increased patronage caused by a predicted upsurge of visitors to Auckland.

At the Caravel Motor Inn, major extensions under way will cost \$5.8 million in total. The development is aimed at

making the Caravel a high standard hotel catering for the top end of the market and it's due to be completed by mid-November.

The new Chateau Caravel, as it will be called, will include a conference centre for 600 people, an all-night coffee shop and a new accommodation wing.

Vacation Hotels is going ahead with plans to build a \$17.5 million hotel on the site of the present Breus Hotel.

The first stage of 146 rooms will be completed by October this year and when finally completed the new hotel will have 238 rooms, two restaurants, house bars, a reception area, a banquet room capable of seating 500 people and a pools complex.

One of the most welcome developments in the city is the redevelopment of the Whakarewarewa thermal reserve, at an

estimated \$250,000. Whakarewarewa is world-renowned for its geysers and boiling mud pools, but the tourist industry has long been urging that it be upgraded to cater for international tourists.

Much of the redevelopment work in Rotorua is aimed at meeting a change in the tourism market. While the number of Australian tourists has dropped, the number of European and North American tourists has increased.

In line with this the tourist industry is upgrading its facilities to meet their more sophisticated needs.

According to Steve Pike, of the Tourist and Publicity Department, one problem facing Rotorua is that it doesn't have enough nightlife to cater for young backpackers and older visitors. But he says this is a problem faced by most New Zealand centres.

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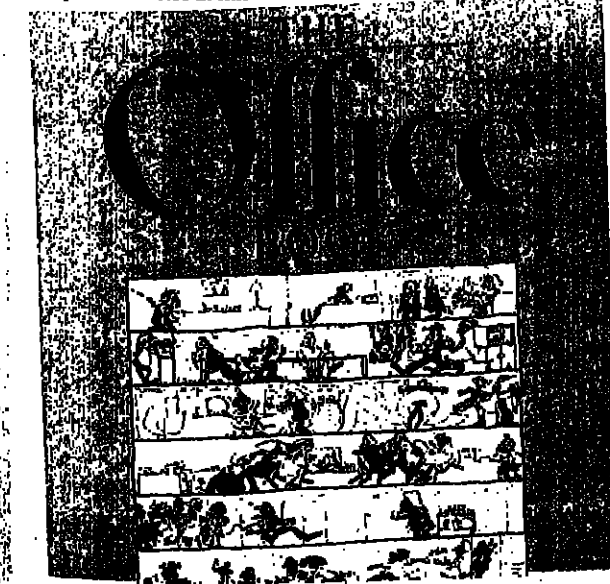
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TOTAL: 8	= \$13,480	TOTAL: 12	= \$13,890	RATING POINTS	= +11
REACH (Target audience)	= 25,000 (46.3%)	REACH (Target audience)	= 28,000 (51.9%)	AVERAGE FREQUENCY	= -0.3
RATING POINTS	= 222	RATING POINTS	= 233		
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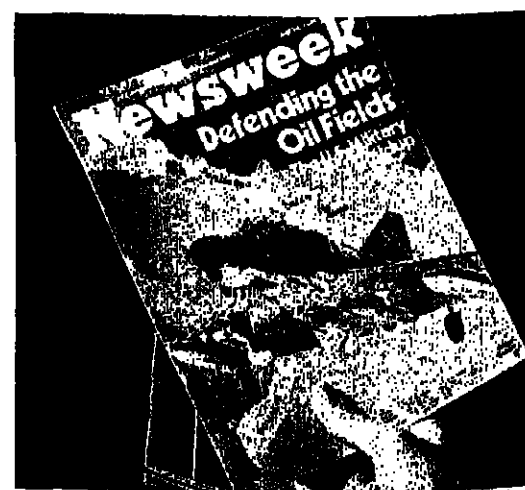
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Business

Analysing annual accounts: Smith Biolab

by Klaus Sorensen

THE difficulties of the pharmaceutical and medical supply industries, and the rationalisations which have followed, have tended to discourage people from investment in these companies.

So, perhaps for that reason, Smith Biolab Ltd has tried hard in its 1981 annual report to look attractive to investors.

The Auckland manufacturer and distributor of health and scientific equipment, plastics and beauty aids, paints a cheerful picture in its report — and backs it up with a remarkably progressive and readable description of what the company is on about.

But this should not be confused with disclosure, because even though Smith Biolab provides divisional sales figures and other useful pieces of information, some aspects of its financial reporting are a little conservative.

On the one hand, Smith Bio has a thoughtful little share quotations chart showing the highs and lows of the company's share price at the end of each quarter of the financial year — but on the other, there is no breakdown of operating costs in the profit and loss account.

And in a year when sales increased 32 per cent and the net profit rose by only 13 per cent — resulting in the percentage return on sales falling from 6.3 per cent to 5.4 per cent — shareholders might like to know what caused the erosion of profitability.

The directors' report also does not explain why profits did not keep up with the company's impressive sales growth.

Still, the profit did allow the company to maintain its dividend and make a 1-for-7 bonus

issue, so perhaps shareholders aren't too concerned.

Chairman Doug Brown presents a fairly economical directors' report and devotes most of it to acquisitions, exports, capital expansion and the future outlook.

Sales were up from \$13.5 million (an adjusted figure for the 14-month trading period in 1980) to \$17.9 million and the tax-paid profit, at \$771,997, was up on the 1980 adjusted figure of \$858,507.

The company acquired an old-established scientific equipment and laboratory supply house, Wilton Scientific Ltd in November 1980.

Since this acquisition, Wilton has been reorganised as a specialist equipment marketer. "According to Brown, "a small trading loss resulted this year, but prospects are good," and from this shareholders could conclude that the inclusion of Wilton's sales figures, and its negative contribution to profits, could account for the slower rate of earnings increase when compared to the 32 per cent sales jump.

Exports reached \$771,000, from \$650,000 in 1980, and the grant and taxation saving resulting from exporting totalled \$143,119.

Smith Bio made several major capital investments during the year and Brown provides all the details — which is what shareholders like to read.

For example a \$120,000 warehouse addition to the Masterton plastics subsidiary was completed — as a preliminary to the arrival of \$190,000 worth of Japanese plastic injection-moulding equipment.

The Graphic Packaging Co Ltd, "further refined their printing capabilities" by adding a four-colour printing press

to their lineup — at a cost of \$390,000.

As for the future — the Wilton Scientific purchase means Smith Biolab's health and science interests are now the largest concentration in New Zealand outside of medical drugs where the company's interests are "insignificant," according to Brown.

And he makes the interesting point that Smith Bio can expect to play its part in the major projects strategy.

"When the impact of energy spending becomes a reality your company will be much involved in the establishment and maintenance of laboratories, monitoring 'control standards'. Your company also performs an important national role in supplying quality control products to New Zealand export based companies."

Brown says the capital expend-

itures of recent years in the plastics and packaging businesses are now ready for good returns and "they will be favourably influenced by any increase in retail sector spending."

The company is organised into three business groups: health and science, plastics and packaging, and health and beauty, and the report outlines the company's strategy in relation to each one.

Health and science sales were by far the largest at \$10.1 million, and the report notes the purchase of Wilton Scientific has enabled the company's further diversification into the supply of sophisticated overseas technology of medical and scientific instruments.

In this connection, the report makes the interesting observation that "the New Zealand scientific market has been ser-

viced by small businesses with poor financial resource and often lacking technical skills.

"Customers demanded a higher service level than was possible economically. Inevitable collapses occurred. This presented an opportunity in industry rationalisation now completed with the Wilton Scientific acquisition."

The plastics and packaging division produced sales of \$3.3 million in the year.

The third division, health and beauty, had sales of \$4.5 million.

The balance sheet reflects the jump in business activity for the year with sizeable rises in accounts receivable, inventories and current liabilities.

Current assets are up from \$7.2 million to \$10.4 million including accounts receivable up from \$2.4 million to \$4.2 million and inventories up

from \$4.7 million to \$5.4 million.

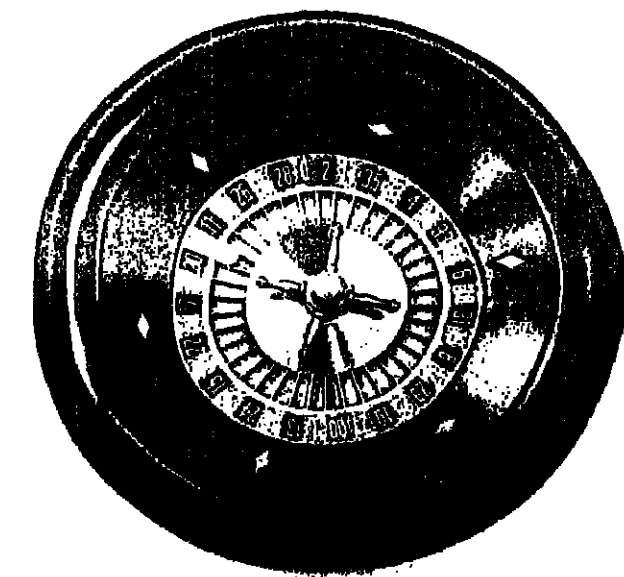
Current liabilities are up, from \$3.8 million to \$5.7 million, including a rise in the bank overdraft from \$1.6 million to \$1.8 million, and accounts payable from \$1.9 million to \$2.6 million.

Long-term finance is up from \$463,000 to \$620,000.

But while the company does not break down operating costs it does provide a breakdown of the company's added value.

This shows that of the added value of \$5.5 million, 60 per cent or \$3.3 million went on wages, 12 per cent or \$650,000 was reinvested, 11 per cent or \$586,000 was taxed, interest charges accounted for 5 per cent or \$287,000, machinery replacement took 6 per cent or \$334,000, while dividends took the remaining 6 per cent or \$320,000.

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methodology and the
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— Ann Taylor

He gave the example of a super market chain which rather than repeat its time-worn formula, is moving into speciality, convenience (dairies,

Strategies, Pages 24-25

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with the figures
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A little thought will show the futility of making such simplistic comparisons.


Come to think of it, would the professional economists do any better? — Grev Wiggys



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W. R. McKinlay
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If Socred wins power . . . the inevitable consequences

WHEREAS Social Credit's primary fallacy concerned a "gap" between incomes and prices, the secondary fallacy concerns the rate of flow of money. We can go back to Major Douglas to see the origin of this.

"... Let not the reader allow himself to become confused by the fact that B has at some previous time been represented by payment of wages, salaries and dividends. While this is of course true it is irrelevant — it is the rate of flow which is vital." — Pages 24-25, *Credit — Power And Democracy*, C H Douglas, 1921.

"Therefore, it was true that the amount of purchasing power or wages and salaries during that week was not sufficient to buy the product according to the price that week. He (Major Douglas) said he was confirmed in this by talking with his chief accountant, who told him that the Treasury notes drawn out of the bank each week at Aldershot seemed to come back in again. Some of them became quite old friends." — Page 7, *An Outline of Social Credit*, by H M M Douglas, Credit Movement of Victoria, 1924.

"Where any payment in money appears twice or more in a series production, then the ultimate price of the product is increased by that amount multiplied by the number of times of its appearance, without any equivalent increase in purchasing power." — Page 30, *Monopoly of Credit*, C H Douglas (*Facts & Fallacies of Douglas Credit*, Copland 1932).

The fallacy arises from not distinguishing between currency and credit. Because notes and coins circulate in the community, changing hands in an extended array of transactions, this is not to prove or even suggest that any artificial adding to prices takes place.

One of the supporters of Major Douglas took the notion of the presumed effects of the circulation of money so far (and the Major endorsed his theory by including it in his book, *Credit — Power And Democracy*) as to come to the conclusion:

"... at the first glance the idea appears paradoxical. The meaning is in the literal sense of the words. It is proposed to sell domestic coal at a part or fraction or percentage of the cost, in other words to sell it less than cost." — Page 188, *Credit — Power And Democracy*, C H Douglas, 1921.

Of course currency does flow or circulate in the community. No doubt a \$10 note, for instance, passes in and out of banks, tills and pockets, and even the same banks, tills and pockets, many times in its existence, but this has as little to do with credit flow (or wealth or value) as does the circulation of cutlery in a restaurant have to do with the number of meals served to customers.

In a restaurant there will be cutlery in use by diners, cutlery on tables not being used, some in the washing up bay, still more in trays, and doubtless some in the storeroom.

Like cutlery, money exists in different forms. Socreds, applying their notion to the restaurant, would propose that increasing the supply of cutlery will increase the number of meals served.

They see it as correct, that increasing the amount of money in the community will increase the goods and services available for purchase.

Realising that resources in raw materials and manpower have limits, so that there must be an absolute limit to the quantity of goods that could theoretically be produced, they qualify their political promise:

"For once, that which is desirable and physically possible would be made financially possible." — Page 8, *Nemesis — The Money Myth Exposed*, NZ Social Credit Political League, 1978.

Nevertheless, the rate of flow concept does seem to Socreds a jolly good justification, indeed an additional justification, for making credit out of nothing, by order of government.

"Purchasing power is controlled by both the level of income and those who receive it. The total of income is governed not only by the quantity of money, but also by its speed of turnover . . . the supply of money through specialist trading banks must be increased . . ." — *Cause & Cure*, NZ Social Credit Political League, 1977.

With striking clarity the original Douglas misconception about rate of flow of money and the effect on prices shines out from the thinking of the Socred leader, Bruce Beetham:

"Income is generated as a result of . . . the product or multiplication of the supply of money, and its speed of circulation . . . You can either have a low supply such as we've got at the moment turning over very, very rapidly to generate a given amount of income, or you can have an increased supply turning over rather more slowly . . ." — Broadcast over Radio Pacific, March 8 1981.

The two fallacies (the "gap" and "rate of flow") give the Socreds, as they gave Major Douglas, a double-barrelled or two channel access to the golden rainbow. In the same broadcast just referred to, this came out beautifully in one sentence by Beetham:

"There is a big difference between providing credit to fill a gap between incomes and prices, and providing credit to get a proper relationship back between money supply, velocity of circulation and the generation of income."

And in the same broadcast: Dryden: If Social Credit was in power would you increase the supply of money by 50 per cent?

Beetham: Not overnight . . . Dryden: But isn't it fundamental to Social Credit theory that there is a gap?

Beetham: Oh yes . . . "Social Credit will . . . increase the money supply in proper balance with production . . . use public credit where appropriate . . ." — Page 9, *Social Credit 1978 Election Manifesto*.

The Douglas idea has never been practised. The only place they came near to being used was in Canada, in Alberta, but the Federal Government in Ottawa blocked them.

Thirteen acts of the Alberta Provincial Government, intended to introduce aspects of Douglas theory, were passed in and after 1937 but were all disallowed by Ottawa.

No such impediment would exist in New Zealand, where there is but the one government.

Though the ideas of Social Credit, in the financial field, have not been tried, their effects can be predicted with accuracy.

Should a Social Credit Government be elected it would

IN the first two parts of this series W E Christie found that Socred financial policies are squarely based on what he claims is the patently fallacious Douglas A * B theorem, which claims that the B factor (the alleged though mythical "gap" between incomes and prices) is the people's credit, wrongly manipulated as a debt structure by the banking system, but which Socreds will return to the people through the offices of their projected New Zealand Credit Authority.

This week, he looks at Socred's secondary fallacy, then considers the most probable result should the Socreds ever be elected to govern.

have to carry out its important promises in a short time or lose all standing, so monumentally is the party reliant on its financial theories.

To carry out its important promises, it must try to make its theories work, enacting the necessary legislation to do so.

The Reserve Bank would be obliged to write cheques for vast sums of money not backed by revenue, and the result would be inflation on a scale as

would make the present rate of inflation seem readily acceptable in comparison. A glance at conventional government financing will show why.

The huge sums of money needed to run government departments and programmes are extracted from the community as taxation. Ideally, the Government's expenditure should not exceed its income, but because any government is under pressure to reduce tax-

ation on the one hand and to accept new commitments on the other, governments often respond by borrowing.

There is another source, also contentious, that of Reserve Bank credit.

Reserve Bank credit is money the government pays out over and above income from taxation and borrowing.

If all taxation and all borrowed money was in gold coins, and the government had only gold coins with which to pay, then it would not be possible to pay out (in excess of revenue). Working on paper, though, it is perfectly easy to pay out in excess of revenue, simply by writing cheques against money not yet to hand.

The use of such Reserve Bank credit, which results in more money being put into circulation than is taken out in taxation or loans, has the cer-

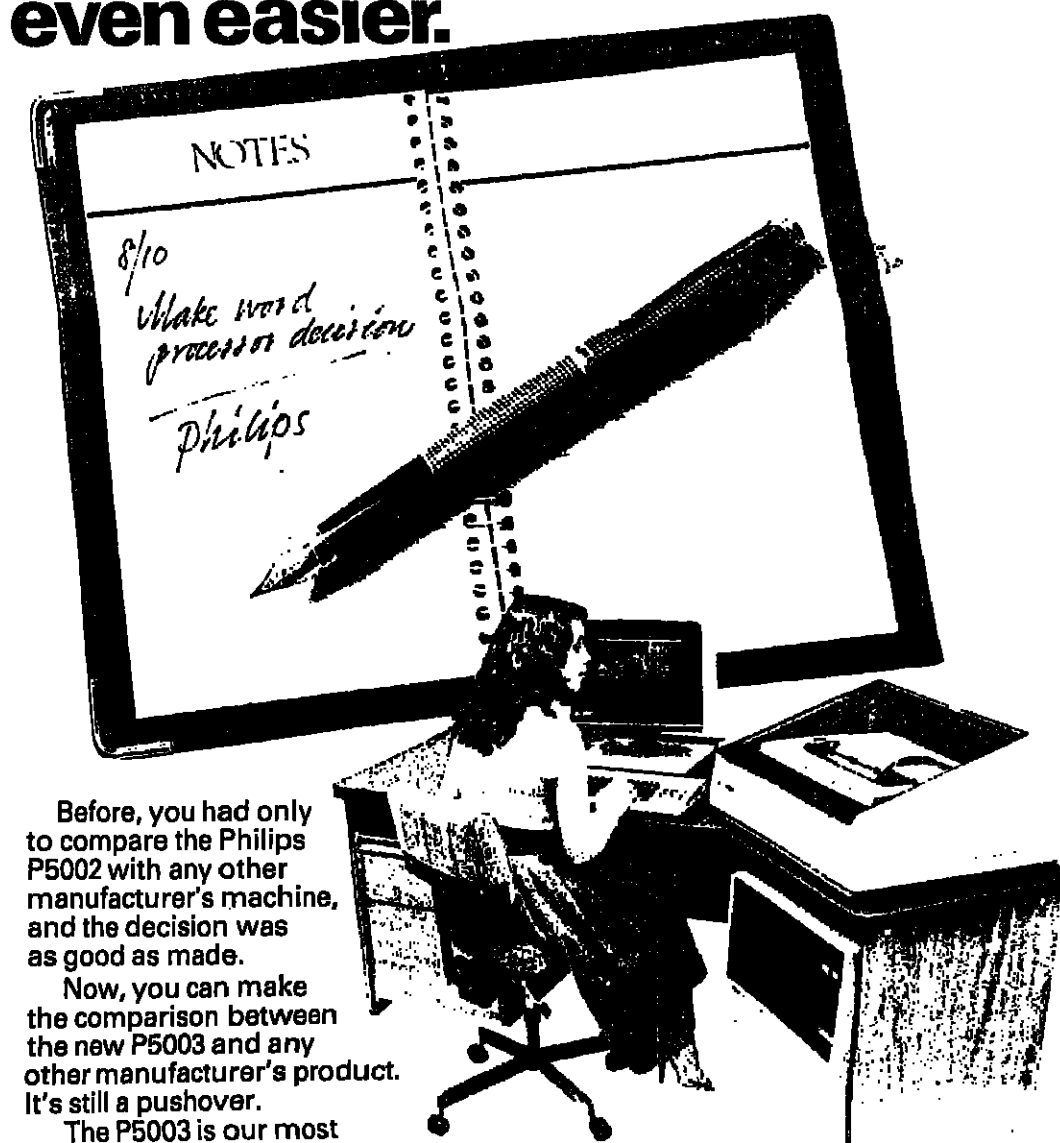
tain effect of generating inflation.

Consequently, it is unwise to use this form of finance. Past governments have used Reserve Bank credit, but fortunately on a minor though significant scale.

In contrast, Socreds applaud the use of Reserve Bank credit. Indeed, their "gap" and "rate of flow" beliefs will compel them to use this form of finance on a grand and continuing scale.

That they have every intention of so doing is indicated by the prominence they give to the establishment of a New Zealand Credit Authority under the direct instruction of Parliament (meaning in practice, the Government caucus) and the powers they intend taking to hammer the Reserve Bank. The only possible result is one of calamitous inflation.

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New downstream Maui uses given a serious airing

by Allan Parker

PROPOSALS for downstream use of Maui gas in petrochemicals and further production of transport fuels move a step closer early next month when senior Petrocorp and Liquid Fuels Trust Board officials fly to the United States. They will review a final plan prepared by United States consultants for the technology package required to build a gas extraction plant that, in turn, will lead to fuel-based products and an ethylene plant to provide petrochemical feedstocks.

At this stage the ethylene development is still nearly a decade away — if it does go ahead.

But Petrocorp is confident about its proposal to increase still further the nation's transport fuel production by using now-burned components in the Maui gas stream.

If the package proves workable — and general manager Jim Hogg says it is "looking good" — the proposed complex could be producing the equivalent of about 10 per cent of New Zealand's total crude oil requirements within a few years.

And this would be at a cost that early estimates suggest could be no more than one-third of the controversial gas-to-gasoline synthetic petrol plant at today's prices.

Essentially, the plan calls for the erection of an extraction plant to isolate the major components of the Maui gas stream: methane, ethane, propane and butane.

Methane is used in the currently planned ammonia-urea, methanol and synthetic gas plants. Ethane is earmarked for processing in a plant to produce ethylene which would not be built until after the synthetic fuel plant because it would stretch manpower and capital resources.

In the meantime, however, the ethane can still be channelled through the current three projects.

The Petrocorp plan calls for the erection of a complex to use the remaining two components, propane and butane. The gas extraction process would leave large quantities of these two LPG components available for processing.

In the past year, Petrocorp and an American consultant, Fluor Constructors, of California, have undertaken an "intensive" study into the possible processing options.

This study has been geared towards the production of a middle distillate from propane by converting it into propylene, which can then be used to manufacture jet fuel or diesel fuel.

Hogg told *NBR* the study has indicated that "it seems possible" the proposal could

produce all New Zealand's requirements for aviation fuel.

The butane proportion extracted would be converted to isobutylene and then combined with methanol to give MTBE "which has direct value as a fuel and as an octane upgrader in gasoline."

Said Hogg: "It is possible that the domestic production of MTBE could enable the lead content of New Zealand's petrol supply to be reduced substantially below the levels

now planned for later in this decade.

"The reduction of the lead content of petrol in New Zealand would almost certainly require relatively large supplies of MTBE."

MTBE is being increasingly produced overseas and, in fact, is traded as a commodity. If the New Zealand demand is insufficient to absorb output under the proposed facility, Petrocorp argues that it could be readily exported.

Also, said Hogg, the environmental movement has already indicated it would react favourably to MTBE production because it uses a New Zealand resource to save imports and reduces the lead-in-petrol environmental problem.

In deciding on these two choices, Petrocorp rejected several other options.

These included direct export of LPG. This, said Hogg, would be difficult because of

cost, environmental and hazard considerations.

To remove some of these factors, Petrocorp looked at installing an off-shore loading facility with the gas being piped to waiting carriers. "But no one had done it and not everybody was persuaded we should be doing it."

So the past year has centred on the distillate-MTBE options.

Said Hogg: "We know it's technically feasible, but we

have had to find out if it can be hooked up together, if it's economic and if it's right for New Zealand."

For example, technology already used in refineries can be adapted, according to Hogg. It now seems possible that the complex will "all slot in" and fit in with other proposed developments.

An important part of the study has been the availability of manpower, given the other proposed projects.

as Petrocorp thinks ahead to ethylene plant

This is because Petrocorp believes the complex — once proved workable — should be constructed as soon as possible.

"You only need methane for the other plants (ammonia-urea, methanol, synthetic petrol) and for fuel use (such as home reticulation). So all the time we are burning up these other components that could be used for other developments and all the time we are shortening the life of the Maui field."

downstream investments the harder it becomes to economically exploit the shortened lifetime of the gas field."

To this end, Petrocorp initiated a study into productivity on the ammonia-urea plant it is now building in Taranaki. The corporation wanted to find out if injection of a new project into the current timetable would place too great a strain on existing and projected manpower resources.

As reported last week in

NBR, the survey has shown productivity rates to be almost twice as good as had been earlier estimated and Petrocorp now believes its proposal would not disrupt the existing programme.

However, a further problem to be overcome is agreement between the four Maui gasfield partners who own the natural gas and gas liquids.

Petrocorp owns 50 per cent but the remainder is split be-

tween Maui field developers Shell, BP and Todd.

Each may have different views on possible end-use of the gas and final agreement must be made before any project comes on stream.

So, too, will Government agreement. But Petrocorp's Hogg remains convinced the project is "looking good" despite these problems still to be resolved.

Also to be resolved is the downstream prospects of the

ethane component of the Maui natural gas stream; an ethane-ethylene plant is planned for construction following the synthetic fuel plant construction.

So while the short-term extraction/processing plant study has been under way, Petrocorp has also been examining potential uses for the ethylene if that plant goes through.

The research, said Hogg, indicates the ethane raw material is likely to be available to New Zealand "at a cost that will

make it more than competitive" with ethane or other ethylene feedstocks from other countries.

Ethylene itself is used for manufacturing "a large number of petrochemicals"; many are now imported into New Zealand.

A major problem, however, is economy of scale and the Petrocorp research has been geared towards identifying downstream products that could overcome this problem.

Said Hogg: "We have estimated that by 1986/87 New Zealand natural gas usage is likely to supply enough ethane for the manufacture of about 250,000 tonnes of ethylene a year if all the ethane that can be extracted economically is converted."

"This quantity of ethylene would be sufficient to manufacture all the ethylene-based products used in New Zealand two or three times over..."

Petrocorp has isolated "two or three" possibilities for downstream production that have the export potential to allow economy-of-scale plants. The first, according to Hogg, is "most likely" to be a 100,000 to 150,000 tonne-a-year polyethylene plant.

Polyethylene is a raw material that could be used to produce the film needed for packaging New Zealand's exports and also for other plastics goods.

"New Zealand consumption of polyethylene is likely to be around 50,000 tonnes annually later this decade and so the plant would need to export half or more of its output," Hogg predicted.

Other options:

- Production of ethylene dichloride and some of its derivatives. This is a liquid made from ethylene and chloride and traded widely as a commodity. "Thus its production would be a suitable means of gaining an internationally-competitive price for New Zealand's ethylene."

- Export of ethylene itself, but "less desirable" because of storage, loading and handling difficulties and dangers.

Hogg said the chlorine needed for ethylene dichloride production, if that option were chosen, could come from a nearby chlor-alkali plant which produced caustic soda as a by-product. In turn, the caustic soda would find a market in New Zealand under the remainder exported "to fill the ready demand" for alumina production in Australia.

One of the main uses of ethylene dichloride is the production of vinyl chloride, which is then polymerised into polyvinyl chloride — a widely used plastic.

Hogg said such a plant "of a size sufficient to cater for a reasonable proportion" of local demand could be economically built.

Other possibilities for ethylene use include the manufacture of ethyleneoxide and ethylene glycol.

"We are not yet sure whether these would be economic."

Export marketing research has continued alongside these studies. "We must be certain that we can sell the material not required for the domestic market to overseas buyers."

A preliminary report on this marketing question will shortly be presented to the Government through the Liquid Fuels Trust Board.



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'Think Big' rolling home on NZ-made wheels?

by Allan Parker

AN \$8 million factory plant opening outside Auckland next month will give Prime Minister Rob Muldoon valuable pre-election ammunition that his "water-into-shirts" theory — the one that explains how resource development benefits to downstream industry — works.

The Ford Motor Company of New Zealand will unveil its new wheel manufacturing plant on September 15. The plant uses Tiwai Point aluminium to make the wheels for domestic and export markets.

Muldoon will perform the official ceremony and is expected

to point to the use of aluminium as a base material for downstream industry within New Zealand.

With the election just two months away, the occasion will give the Prime Minister encouragement for his Government's "Think Big" programme based on the multi-billion dollar development of the country's resources.

With a capacity of 150,000 wheels a year, Ford is hoping to become a major supplier to world markets.

The New Zealand market is far too small to absorb this production and the wheels will be used abroad as components in the Laser-Ford's version of

the "World Car" concept developed by both itself and General Motors to counter the growing Japanese domination of the motor industry.

The company is hoping to make a significant "coals-to-Newcastle" coup by exporting the Wiri wheels to Japan itself.

Samples are now being tested for quality by independent Japanese engineers and if they prove satisfactory, the New Zealand company (and its Detroit headquarters) would have a major public relations success on its hands.

Although negotiations are not complete and the test results have still to be reported, the company here is "quietly

confident" about the prospects for exports to Japan and elsewhere.

Shipments have already started to Australia — the first containerload of 1100 wheel assemblies was shipped to Sydney about 10 days ago, a month ahead of schedule.

But penetration of the Japanese market would "be a true measure of our being internationally competitive", managing director Joe Auton told *NBR* last week.

Because of the limited size of the New Zealand market, the company will "try to concentrate" on exports, he said. "We think we should become exporters."

The company is also proud that the transition of its Wiri operation from a transmission-manufacturing centre to a wheel-making plant has not cost any of its 170-odd employees their jobs.

Said Auton: "The pressure of changing technology is a major problem in the motor industry worldwide, with its deleterious effect on employment."

Quite the opposite, in fact. Auton said the New Zealand operation sees itself "becoming a world force for wheels".

It bases this in part on the Japanese Hitachi technology — "the world leader" — it bought for Wiri.

Such optimism will be good

news for the Government as it begins its election campaign.

The volume of aluminium that will be used at Wiri is large; rather, said Auton, the significance lies in the ability of a New Zealand company to process at least one car component that can be internationally competitive.

Less than 1 per cent of Tiwai Point's current output will be used by Ford. But the company regards the move as a "significant change of direction" for Ford, one Auton hopes will lead to company expansion.

Small is beautiful

by Ann Taylor

A SLIM sampling of 22 business activities indicates they operate in the economy relatively labour-intensive and efficient units.

The dearth of data on small businesses — their diverse various natures make structured sampling difficult — led to the small business groups: the Chambers of Commerce tracing information on small businesses from the State Business Survey 1981.

Small businesses, defined as those with 30 or fewer employees, appeared in the manufacturing sector to be "fairly labour-intensive, but high ratios of wages to sales, low fixed costs and low sales per employee" is also apparent that they are more highly geared, i.e. relatively low ratio: shareholders' funds to assets," according to the survey.

"This factor yields comparatively high tax-paid return on shareholders' funds, and a high proportion of operating profit absorbed by interest. These small manufacturing businesses enjoyed high rates of sales growth between 1979 and 1980."

The sample had a high preponderance of wholesale and retail operations, among which the most "significant differences lie in the investment in assets per employee."

"Small" firms have much lower fixed assets, but greater total assets per employee, which means that their investment in stocks and debtors is comparatively high.

But from the small sample of firms in the construction sector, "it would appear that the 'small businesses' were generally much more efficient and profitable than the larger firms."

A simplified comparison of value-added, calculated by adding total wages and operating profits, showed that — apart from the manufacturing sector — small businesses "tended to be clearly superior results."

In manufacturing, "small businesses" have considerably less investment in assets per employee, which implies a lesser need for operating capital to service capital investment. This factor is "where the count, it would more than offset the apparent superiority of larger firms."

The survey, compiled by chartered accountants Burgess and Stevens, concludes that small businesses "compared favourably with larger participants in terms of efficiency and profitability, and that smaller businesses deserve encouragement."

Real estate

American example cited for NZ urban renewal

by Jane Hiles-Smith

NEW Zealand must risk a much greater investment in urban renewal if it is to achieve the kind of results emerging throughout America, says Wellington City Council town planner, Peter Healey.

Healey returned recently from a three-month tour of the United States, where he studied methods and ideas in urban renewal on a Churchill Fellowship.

He said New Zealand was "on the right track", but its problems stemmed from difficulties with finance.

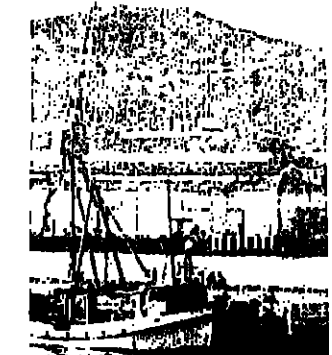
American cities were on a block grant system. The Government gave each city a large amount of money to use as it saw fit, and the grant was reapproved the following year if it had been used well.

In New Zealand all projects must be applied for and approved individually. This was a lengthy and complicated process — Healey said he had not known it to take less than six months for an application.

He said the key lesson was that the Americans were working on a decentralised renovation programme.

Schemes were all worked at a local level, and the Government was becoming further removed. It was just the source of funds.

In some cities, residents formed committees or worked through church groups to decide on loan distribution. In this way renovation began at the "grassroots", Healey said.



Harbourside... priority area?

An added benefit was that residents could argue on behalf of someone who may not otherwise be able to get a loan.

America was implementing schemes which Healey said would work here, but New Zealand did not have the "expansive ability" to throw money around and risk it.

He outlined five American governmental measures towards urban renewal, some especially for lower-income groups: rent controls; Government grants for residents displaced by renewal work; in-built subsidies in the loans (a third of the loan is written off as a grant); and sweat equity programmes.

Sweat equity meant that a person might agree to 20 to 30 hours of labour for a certain number of years. The work was the deposit on the house.

Healey said: "That is directly applicable here."

He said American councils were renovating properties at a loss and renting them to low-income families. They were called "loss leaders" and aimed at getting the projects started.

"We are doing that but we get very nervous about losing money," he said.

America's decentralisation programme aimed at leaving existing neighbourhoods as they were and just renovating them.

"America sympathetically recognises an old area and makes the renovations fit it and not the other way around," he said.

"They respect its past and would renovate anything rather than knock it down. There is a lot less butchering of old buildings and more appreciation of the historical value."

"It is a technique of relieving pressure. If the threat of development is removed the

residents feel their position is secure, and they will go ahead and renovate," he said.

For new housing to be well received, it must be built in an entirely new area such as harbour land, Healey explained.

He emphasised that an existing neighbourhood could not be expected to keep housing an ever-increasing population.

American cities saw their harbour land as a prime asset and worked towards developing that asset, he said.

New Zealand's practice of building hotels and high-rise residential buildings in an established neighbourhood was the destabilisation America was combating.

"We must bypass these neighbourhoods and look to the presently industrial and commercial areas to accommodate the return scramble to the city," Healey said.

In America, planners were prepared to down-zone residen-

tial areas to force developers to consider other areas, he said.

Healey saw hope for Wellington's port and harbour, for instance, to be surrounded not by commercial warehouses in varying stages of repair, but tasteful apartment buildings and hotels.

"I can see it very easily happening here. Our harbour has potential. All we need is political will and the support to do it. America's urban renewal is evolutionary; ours here tends

to be revolutionary," he said. Baltimore was an example of the redevelopment of harbour land, he said.

Sewage plants and power houses were converted into hotels and a museum. Derelict warehouses were demolished and replaced with residential buildings.

In this way wasted land was used effectively, improved environmentally, and it brought a population shift back into the city.

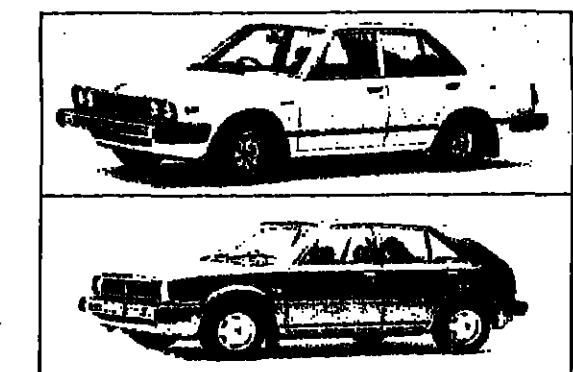


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NZ Land Securities: anatomy of a company takeover

NEW Zealand Land Securities is consolidating its operations after several stormy months during which the bulk of the company's shareholding has been sold to WhiteHaven Holdings and it has been delisted from the Stock Exchange.

When the takeover dust had settled, WhiteHaven held 82 per cent of the shareholding, Auckland company director Owen Mills held 10 per cent, and other small shareholders held 8 per cent.

NZLS had run into trading and financial difficulties in recent years. Under WhiteHaven's control, it aims to consolidate its trading and financial base, but general manager John Martin reiterated to *NBR* the forecast by directors in the takeover documents — because of high borrowings and tight cash-flow, growth will be limited.

The public debt stock borrowings — \$908,000 at March 1981 — were being paid off, largely from funds raised from institutional sources.

Martin said he expected no significant changes in the company's operations. It would continue to run BeachHaven and ParkHaven hospitals, the company's major assets and primary business operation. A more recent venture, Meat Products Ltd equipment agency, had made some progress, but its product development project had not, Martin said. Property Life Insurance would be renamed and repromoted "on a limited basis."

NZLS began its chequered career as Mining Investments Ltd, which had a sorry track record as a company investing in mining stocks. It floated to the public with the aid of Slater Walker Australia Ltd in 1970, and — still under Slater Walker's control — suffered in the side of the Australian market.

Its activities were switched to property investment, in land and commercial property, after the mining investments were liquidated and losses written off.

Again, the company ran into trouble. A property downturn and evaporation of investor confidence four years after the change in direction led to losses — largely the result of the disposal of properties which were sold to meet financial commitments.

The last dividend — of 5 per cent — was paid in the 1976 year.

It looked an unattractive prospect — but WhiteHaven was obviously convinced it had potential if rationalised and managed as a small, private company. And on February 11 this year, NZLS directors reported that WhiteHaven Holdings Ltd had offered 25c cash per share, which placed a total value of \$677,500 on the company.

The offer was at the same price as the par value of the shares, which had been reduced from 50c units in December 1979.

Shareholders were advised not to sell until the directors made a recommendation.

WhiteHaven then held 53 per cent of the NZLS shares. It called for acceptances by March 31 for the 1,274,150 shares — spread among 2500 shareholders — which it did not hold, and, while WhiteHaven's three directors held enough shares according to the takeover terms to declare the offer unconditional, they set July 31 as the latest date on

which this could be done. Two of those directors were also NZLS executives and directors — Martin and company secretary Richard Solomon. WhiteHaven's chairman is Wellington stockbroker Bruce Buxton.

Martin and Solomon were excluded from the board meeting which considered the offer, and the other two directors, chairman Sir Hamilton Mitchell, of Wellington, and C A Pearson, of Auckland, gave the green light on February 17, recommending acceptance of the WhiteHaven offer. They pointed out that NZLS had racked up losses in the previous three years, including \$688,771 in the June 1979 year which took major property write-downs into account and a loss of \$105,581 in the June 1980 year. In the letter of recommendation and the directors' statement accompanying the offer, Sir Hamilton emphasised that the company was trading profitably, and that the unaudited profit for the six months to December 31 1980, was \$32,200.

Announced to the press a week later, this was NZLS's first profit in three years. It mainly reflected trading from the two hospitals, less overheads, and the initial development of the "speculative" meat-processing venture, according to a company spokesman.

Despite the recommendation to accept the WhiteHaven offer, opposition to the bid was mounted by shareholder S J White, who questioned the independent share valuations provided for NZLS by chartered accountant A N Frankham, of Lawrence Anderson and Buddle (18c a share) and Barr Burgess and Stewart (21c).

Before these valuations were released, and before receipt of the takeover offer, White, secretary of his newly formed New Zealand Shareholders Cooperative, advised NZLS that other information should be made available to permit shareholders to decide the fairness of the offer.

He calculated shareholders' funds, based on the market value of land and buildings, as a going concern and percentage distribution of agreed tax losses, put a higher value on the shares. He challenged calculations on the company's share value based on the 1980 accounts, and called for rejection of the takeover until more information had been provided.

The directors are confident they provided all the information he sought in the offer documents from White Haven, issued to shareholders at the earliest date permitted under the takeover regulations.

Further doubts were cast by Cornelius van der Veer, who — with his partner, Ronald A Ball — was a director of Haven Care Ltd and Haven Hospitals Ltd, an NZLS subsidiary which owned one of the hospitals. He told *NBR* he believed the hospitals to be worth as much as \$4 million each — double the book value of all the NZLS assets.

And on the basis of two private hospitals he owned in Christchurch, he said he believed the profit from each hospital was around \$250,000 — he would be happy to pay \$4 million for the two NZLS hospitals, he said.

Company sources noted that — in the *Christchurch Star* in February this year — van der Veer was quoted as saying "...

there are better ways of investing \$1 million than building a hospital. Nobody in his right mind in a big commercial venture would build a hospital."

Van der Veer told the *Star* that hospitals returned about 11 per cent on capital, compared with an office building which might return 18 per cent. He has since defended his valuation of the NZLS hospitals, saying that current value and investment value are different.

But questions had been raised, and in a bid to allay concern Sir Hamilton advised shareholders in a letter on March 19 that by March 18, 700 acceptances (more than 65 per cent of the share capital) had been received.

He also enclosed more detail about the independent share valuation of Lawrence Anderson

Buddle, which had been asked to further report on the difference between their valuation and White's calculation. And Barr Burgess and Stewart provided an additional report as a second opinion.

Barr Burgess — the company's auditors since its inception — presumably had a close knowledge of the company. It explained that it had "endeavoured to establish the value of the shares from the viewpoint of a purchaser who has full knowledge of the group's affairs" and "assumed that the group will continue as a going concern." It reviewed internal management reports and forecasts and had allowed for the realisation of assets which were no longer producing income and the income from the reinvestment of the notional cash thus liberated.

Lawrence Anderson Buddle's

valuation was based on the concept of "a willing but not anxious buyer and a willing but not anxious seller." It was based on "full detailed and current information obtained from lengthy interviews with the senior executives of the company and a detailed examination of the accounting records."

Its calculations were based on the audited accounts for the year to June 1980, updated to include information from internal accounts to November 30. Its valuation differed from White's because White was valuing the assets of the company; Lawrence Anderson Buddle was valuing the shares.

Lawrence Anderson Buddle considered an assets valuation appropriate because the company had no dividend pattern on which to base a valuation for minority interests. It allowed

for costs or realisations, delays pending distribution and a profit to a purchaser; because of the diverse nature of the group's assets, such costs would be substantial.

It assessed the value of the hospitals on a going-concern basis, taking into account the future maintainable profit they were capable of earning and capitalising those profits at an assessed rate to give an appropriate value (*NBR* previously reported incorrectly that no account had been taken of earnings or hospital turnover).

Thus, both independent valuations took into account the turnovers and earnings of each hospital, Martin emphasised.

But WhiteHaven's plan were further complicated by a mystery buyer entering the picture, determined to buy at least 10 per cent of the capital enough to prevent WhiteHaven



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by James Farmer LL.M. Ph.D

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by Richard Thomas

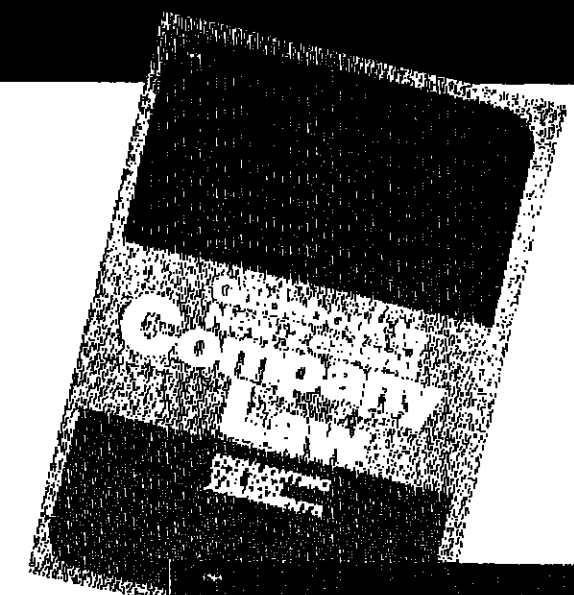
This important new publication discusses in detail the problems associated with the principles and practice of insurance law in Australia and New Zealand. Insurance law is now perhaps the most fundamental area of law in our society. We now accept the principle that as far as possible, losses should be spread

among the community rather than being borne by the individual or organisation that actually suffers loss. Among the many topics considered are the basic contract principles, what constitutes an insurable interest, cover notes, the doctrine of disclosure, misrepresentation, claims, risk management and taxation. Appendixes include the text of relevant legislation. The author of this new Guidebook is Richard Thomas, the author of the CCH service the Australian & New Zealand INSURANCE REPORTER, a loose-leaf service covering every aspect of insurance law.

Published January 1981. 343 pages.

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New Zealand COMPANIES ACT 1955 and Regulations

2nd Edition Consolidated to include all amendments operative from 1 April 1981



Fear and loathing of the trad business lunch?

by Belinda Gillespie

THE business lunch has put the fear of death into men who once wheeled and dealt as the wine flowed from the scallops through to the coffee and Camembert.

Restaurants in Wellington, Christchurch and Auckland told *NBR* their customers are eating different food, less of it and using less alcohol to wash it down.

Healthiness, however, ends at lunch. Evening diners eat and drink more than ever, the austerity they show earlier in the day apparently paving the way for later indulgence.

"Health trends have appeared at lunch in the past 12 months or so," said Blythe Adams, manager of Windows on Wellington.

"Lunch may be only one course — or a first course of seafood followed by lamb or grilled fish. One drink or none beforehand and a bottle of light wine with the meal is usual, followed by coffee — no dessert and no liqueurs," Adams said.

The mostly-business-clientele eats plenty of salads, but only a modest amount of bread, demands food cooked without butter on added sauces, and increasingly chooses grilled seafood.

George's is another Wellington restaurant where there is a strong trend to seafood and salad lunches. Fresh fruit salad eclipses all other desserts in popularity at lunch-time, according to the management, and people are drinking the house wine — a light, dry, white — in preference to others.

NBR found one restaurant which makes a special feature of wholesome bread. Tony's Duke of Marlborough in Tamaki Drive, Auckland, reported a big demand for the bread and many requests for seconds.

The restaurant now offers salads instead of cooked vegetables to meet the change in customers' tastes.

A spokesman confirmed the increasing popularity of seafood and the declining interest in dessert amongst lunchers.

"The days of the four-hour business lunch are gone," said staff at Auckland's Ponsonby Fire Station. "Lunchers want to eat in a reasonable time, and prefer simple food and few courses."

A recent trend is to water the wine with mineral water, or to drink only fruit juice or beer. Customers enjoy the choice of white and wholemeal bread which is offered, but are increasingly butter-conscious.

The cooks meet many requests for seafood cooked without fat, offer "nouvelle cuisine" style sauces based on fruit or vegetable purees, and find there is a big demand for fresh vegetables and salads. Desserts, apart from fresh fruit salad, aren't popular.

The Guardsman in Christchurch was unique in reporting no increase in health consciousness amongst its customers.

Bruce Bellis, manager of the Coachman Inn, however, said the trend was strong enough for him to consider using

"healthiness" as an advertising point for his restaurant's menu. Bellis runs a salad bar, offers baked potatoes rather than chips and barbecues his steaks — a cooking method which ensures that the fat drips off the meat and not into the clients' arteries.

Business lunchers may not know it, but they are taking the advice of Health Minister George Gair who last year issued dietary guidelines for New Zealanders.

The Minister suggested that addicts of the modern, seden-

tary way of life should improve their diets to better their health.

Coronary-prone males — under-exercised, overweight smokers in stressful jobs, distinguished by their levels of blood cholesterol — have been lectured for about the dangers of stress, and fatty foods.

There was nothing as Gair's advice to keep slim: eat a varied diet with less sugar and alcohol.

The point that starches have had a "meteoric" popularity in the "middle world", however, may be heresy to hardened diet-habitually skip bread addicts.

"Bread, cereals and potatoes are now regarded as a form of carbohydrate — they are bulky and more digested and absorbed — sugar — a meal which starch staves off hunger longer," said Gair.

Eating more of the "starchy" foods which provide protein and fibre, as well as a high-protein animal food which many health authorities "correlate" with New Zealand's high rate of coronary and bowel cancer.

Restaurants could help business-lunch terms, suggests a smaller, leaner version of plainly cooked meat, poultry, with more vegetables, and a bigger helping of rice, potatoes or pasta.

Chinese, Italian and other cuisines already follow the principle of a large serving of starches, cereal flavoured meat or vegetables according to the particular style.

More traditional restaurants could oblige by copying the overseas idea of a trolley serving customers bread instead of the ubiquitous warm white or butter-drenched bread. They might provide potatoes baked or cooked — other ways which don't include a lot of fat.

Gair's guidelines mean restaurants which load the plate with meat but skip bread and potatoes are doing their clients a disservice — and that the increasingly health-conscious business clientele may soon begin to demand more starch as well as salad and seafood.

The guidelines could even add up to something new — almost obsolete in New Zealand business circles — the BYO lunch in a brown paper bag.

A package of sandwiches or rolls (preferably wholemeal) with fruit to follow fits the current health criteria — though its salutary qualities are offset by its lack of allure in clinching a deal or wooing a would-be client.

For those whose style isn't the paper bag, an in-house lunch could be the answer — bread, sandwiches and rolls brought in and offered with lean cold meat, lettuce and fruit around the boardroom table.

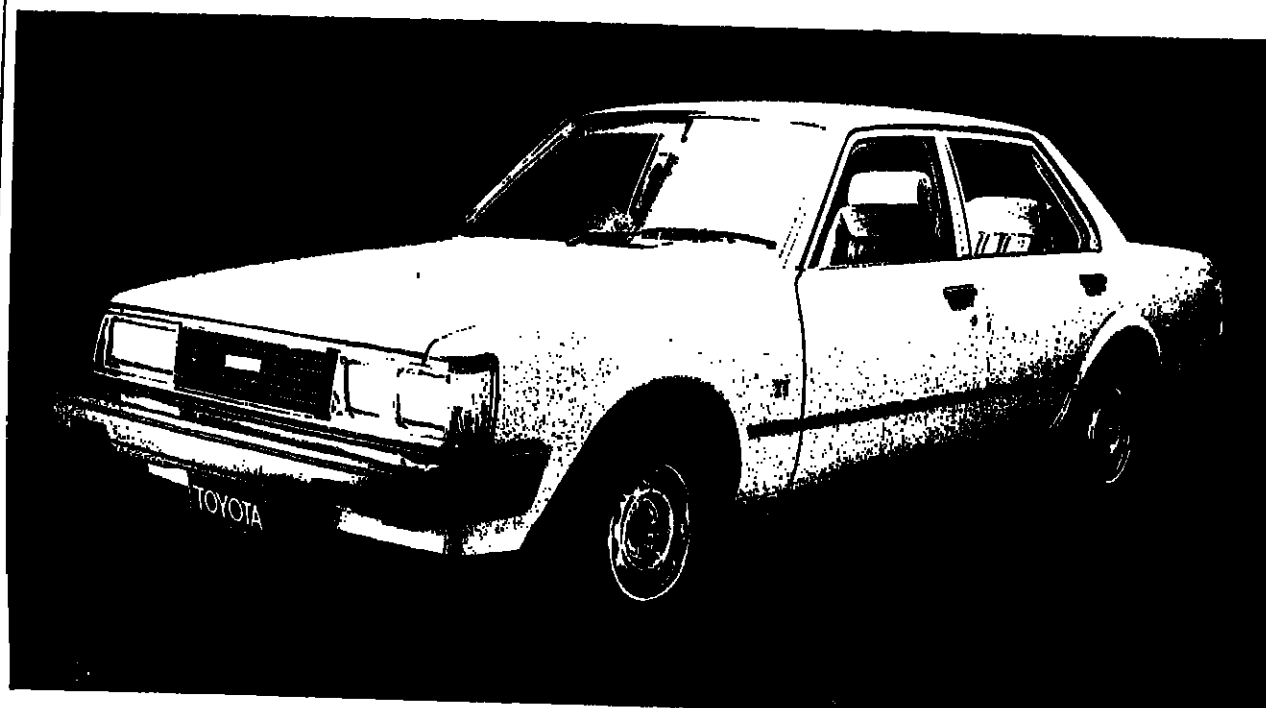
Whichever way you go, increased health awareness may already be getting results, according to latest Heart Foundation figures. New Zealand's incidence of coronary disease is declining, following the same trend in Australia and the United States.

Could a better business lunch take some of the credit?

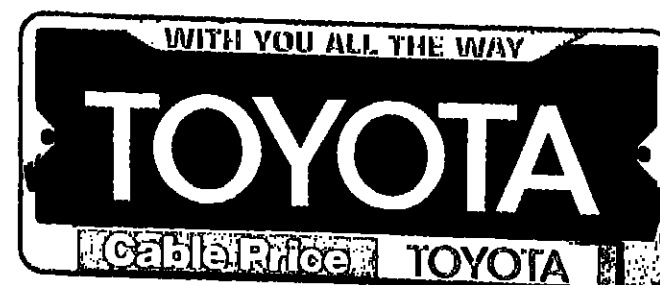


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Health products company moves into Auckland and controversy

by Warren Berryman

BLACKMORES Laboratories, an Australian natural health products manufacturer (turnover \$8 million) opened a branch in Auckland's North Shore eight days ago and took centre stage in the fight against Government's controversial Medicines Bill.

Blackmores bought an 80 per cent interest in Healthrite Industries, renaming the company Blackmores. From this Auckland base Blackmores will package its range of 60 vitamins, herbal, and mineral products, for distribution by 120 New Zealand health food outlets.

The snag may be the Medicines Bill, now in its second-reading stage in Parliament.

Blackmores' managing-

director, Marcus Blackmore, acknowledged that the many amendments to the draft bill were an improvement, but said it still threatened the health food industry.

If passed in its present form, the bill might now allow health product manufacturers to make and sell their products, but it would prohibit them from telling buyers what they were good for or how to use them.

Government's bias was in favour of cure, not prevention, and its most stringent measures were against those claiming to be able to cure or prevent ailments which traditional medicine had no answer for, he said.

Blackmore, a qualified naturopath, member of the New South Wales Government Health Advisory Council, and

president of the National Nutritional Foods Association, spearheaded a crusade against similar legislation in Australia with a Freedom for Health Campaign.

Slogans in this campaign ran: "say no to vitamin ban. Should the Government tell you what to eat, what to buy, or not. Stop bans on vitamin sales."

Blackmore said it was wrong to consider vitamins and minerals to be in the same category as drugs. Most vitamins had no detrimental effect if taken in excess — the body used what it required and eliminated the surplus.

Blackmores' Australian sales were promoted through an education programme — largely a magazine which will be distributed here.

As an example of the sort of

advice he would give our reporter, Blackmore said: "You suffer from stress so take our executive stress tablet containing B group vitamins, vitamin C, potassium, magnesium, phosphorus and zinc — for the nerves. You smoke, so take vitamin C. You drink a lot, so take vitamin B."

He added that pills were not the real answer, which lay in a proper diet.

Commenting on the Australian situation, Blackmore said: "Surely the real issue is why is the Government giving priority to superseding existing legislation for products without established records of toxicity or harmful side effects when many commonplace substances affect the health of the nation with the most serious endemic problems — for example, alcohol, cigarettes, and analgesics."

Transport

Time for 'special constables' to police truckies?

by Bob Stott

AS the Transport Amendment Bill plods through the due processes of our parliamentary system, it is worth considering how effectively the changes in road transport licensing which the bill proposes will be enforced.

Until now the Ministry of Transport's record of policing such matters as the 150km limit on behalf of road transport's competition has been dismal, although the bill, if enacted in its present form, will make this thankless task a little easier.

The bill makes exceeding the distance limit an offence in its own right — until now the distance limit has been a condition of all licences, except in the case of certain exempt goods or services.

Now it will be an offence to exceed the limit, and the old exemptions are now a defence. Furthermore, the list of "exempt" products is to be extended by 15, mostly products which do not travel well by rail because of their nature.

Plants under cultivation, unreinforced concrete products and original and unique paintings and sculptures are examples. In a few cases, the list includes commodities which don't transfer well from rail to road and vice versa.

An example is long-run roofing over 13 metres. This can be carried by rail quite satisfactorily, but it requires special road vehicles, so to force it on to a road/rail/road route would mean it would be necessary to have specialised road vehicles at each end of the haul, which is a bit unreasonable.

The vexed question of using depots to get around the 150km limit is tackled by making it necessary for the defence to prove that any stop-over en route was "for business purposes unrelated to the avoidance of the restriction."

So it is up to the carrier to show that a transit through a depot was required for some reason other than evading the limit.

A series of urban zones are created to avoid the sort of anomaly which allowed a shipper in Hornby in southern Christchurch to feed goods by road to a warehouse in Washdyke from which Timaru was serviced (entirely legitimately) and which prevented a shipper from central Christchurch also reaching the Timaru market by road.

Thus stations from Henderson to Papakura, Porirua and Upper Hutt to Wellington, Belfast to Rolleston and Port Chalmers to Mosgiel and Wingatui are all regarded as Auckland, Wellington, Christchurch and Dunedin in respect of the 150km limit.

This gives shippers in any part of each main centre the same opportunity to use road, regardless of where in the city each shipper is based.

The rules regarding waybills are tightened up to avoid the pitfalls of the past — it is made clear what a waybill is, what it must show, that it must be carried, not be false, be produced on demand and so on.

And the bill makes it clear that traffic officers may mark goods on trucks without advising the owner of the goods or the vehicle. Evidence of any such mark will be admissible evidence. Marking of goods will make it much easier to trace warehouse transits.

On top of all that, the maximum fines for offences against the above provisions will be in-



Trucks ready for the roads... and the charges as well?

creased from \$2000 to a whacking \$10,000.

Railways will lose exclusive rights to some more commodities and will also face increased competition on corridors such as Auckland-Hamilton, Wellington-Palmerston North, Christchurch-Timaru and so on. But if the bill makes it easier to cut down illegal cartage, the net effect on Railways' goods revenue could be nil. And if as a result of the bill all illegal cartage were stopped, Railways would win far more traffic than it could lose.

But it is doubtful that the Ministry of Transport will be able to make a dramatic dent in illegal cartage... say, by reducing the total by half.

The ministry hardly has the manpower to do a thorough job, and transport licensing is quite complicated, which means that on occasions traffic officers out on the roads don't fully appreciate what is going on.

Furthermore, it is fair to argue that traffic officers are far better employed trying to cut down on road deaths and injuries rather than protecting the Railways' bank balance.

On the other hand, road transport licensing and policing of the rail protection limit, prevention of vehicle overloading and enforcement of the road user charges are all measures tied up with matters economic.

They are rules made for economic reasons, to ensure carriers pay for their roads, don't break them up with overloads, don't waste resources by unfairly competing with each other and don't waste fuel by hauling in parallel to the more fuel-efficient rail system.

Like it or not, these rules are set by the Government and should be adhered to. Other sectors of the community also have rules imposed, such as various taxes and charges. No one expects an airline to evade airports and airport dues, and no one expects a ship-owner to evade port dues — in the same way road carriers should pay their share.

In short, the rules carriers work under are economic rules and should not be seen as rail protection rules.

It follows that the widespread avoidance of the rules governing road transport should, in all fairness, be stopped, and while the new bill will help, by deflating depots and allowing marking of goods and so on, there can be little doubt that hundreds of cases of evasion will still continue — in spite of the new maximum \$10,000 fine.

Surely, therefore, the time is ripe for establishing a new arm of the Ministry of Transport's law enforcement division, one aimed at enforcing economic regulations.

Such an enforcement group would have to be organised on a national basis as the MOT's regional set-up would be un-

such long detours that carriers would have no option but to pass them. And at the checkpoints all trucks would have to stop, for checks of axle-loading, load security, waybill checking and road user charges checks.

The innocent truckie would lose two or three minutes on a trip, but his illegal counterpart would, no doubt, be delayed somewhat longer. The system would almost certainly pay for itself, by the time fines for overloading, road user charge breaches, 150km limit and so on had been taken into account.

Truckies should not oppose the setting up of such checkpoints manned 24 hours a day. Currently road user charges are raised from time to time to match as nearly as possible road costs.

If 10 per cent of truckies evade the charges, the fees are increased to maintain a given

input of revenue into roading funds. So every carrier who cheats costs his non-cheating competitor.

As well as the checkpoints it would be useful to have economic enforcement officers on roving commissions too, so that any gaps which may appear can be plugged.

In summary, the provisions in the new bill will make it easier to convict carriers — and punish them hard — if they break the rules. In some respects the bill will also make it easier to catch the road transport pirates.

But, overall, it is unlikely that the stricter rules will prove really effective unless more effort goes into policing.

So why not a national economic enforcement squad, especially as it will "pay" in the short term as there are so many law-breakers around?



TIM FINN, SPLIT ENZ:

"In Australia now, they're almost getting paranoid about how good New Zealand bands are."

Close Up, May 6, 1981

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Plastics



Bar-coding hassles for flexible packaging 'ironed out' early

BAR-coding in supermarkets of flexible packaging has been met head-on by specialist plastics packaging manufacturer W R Grace (NZ) Ltd.

According to the company's Cryovac systems marketing manager, Graham Bainbridge, Grace provided a lead in this area so it could better help clients plan for bar-coding and also change present packaging to facilitate the use of New Zealand pricing numbering (NZPN) systems.

He maintains the addition of the NZPN system to present packaging types shouldn't cause too many headaches for

This feature on the plastics industry is prepared by David Poach in association with the Plastics Institute of New Zealand.

investigated bar-coding on plastics packaging materials and had developed specialist materials and techniques to accommodate a wide range of packaging requirements.

He said that paramount in the minds of producers should be the continuation of high-quality pack graphics — an essential marketing aid — uncluttered by coding or other unnecessary bits and pieces.

Realising the importance of presentation and graphics, both as selling aids and for brand identification, Bainbridge said Grace had deliberately developed the technical ability to produce the coding on the back-side of shrink-wrap packs.

He said this consideration was important, though codes can be positioned to suit the individual requirements of customers, or types of product, and to ensure efficient scanning.

"Companies pay considerable attention to and outlay considerable sums of money to secure and promote a brand or corporate identity on packaging."

"By printing codes on the back of packs particularly, the integrity of designs stays intact and, as an additional benefit, graphics are right-side-up through any scanning process."

The second consideration is extremely important, says Bainbridge, particularly when meat products are packed and a certain amount of purge is inevitable.

He says the purge usually filters to the bottom of a pack and if turned for code-scanning, the purge will infiltrate through the pack, making it less appealing.

Bainbridge said Grace research had overcome many of the difficulties associated with producing a bar-coding on flexible packaging materials.

The use of specialist packaging films ensured a balanced shrink in the packaging process and therefore minimised any distortion to the bar-code printing, he said.

he maintained, to ensure bar and space proportions kept their integrity.

"The proportionality of the markings are of prime importance; the actual size of the code is only secondary."



The supermarket checkout (top left) ... manual ring-up of purchases will eventually give way to electronic scanning. Meanwhile (above), in Australia a scanning pen "reads" the bar code on the shelf, for recording stocks. Next stop: the code is printed on the individual package.

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Specialist course in aircraft-building skills

A SPECIALIST course to provide interested students with a theoretical knowledge of structural reinforced plastics has been instituted by the Central Institute of Technology in association with the Aviation Industry Training Board.

The course, on reinforced plastic aircraft construction, is aimed at providing a knowledge of glass or carbon-reinforced plastics and an opportunity to develop skills in hand-layup.

Students attending the course fall into three categories; inspecting authorities from the Ministry of Transport, members of the Gliding Association of New Zealand and private individuals involved with home-building of plastic aircraft.

The students are provided with an assessment of practical

skills and theoretical knowledge which may be used in applying for licences from the Ministry of Transport to repair or inspect glass-reinforced plastic aircraft structures.

John Harry, head of the CIT's engineering department, said the first week of the course is basic in that laminating is confined to straightforward practice pieces.

However, the second week of the two-week block course develops skills and applies them to glider repair and construction of a plastic aircraft.

He said glider repairs are done on pieces of gliders that the CIT has obtained and they include sets of complete, but damaged wing tailplane and fuselage sections.

The plastic craft the students

work on is a two-seater 220-knot Variete design. The craft is unconventional in design but some 250 of them are now flown in the United States, and 18 are being built in New Zealand.

Harry said this specialist course was welcomed by the engineering department for the skill, and knowledge it would impart and because after the series of two week blocks had been completed, there would be a final product for the students to see.

He said that at this stage it was not decided what to do with the completed aircraft, but there was a desire to finish and kit the aircraft ready for flying.

He said this venture was a very useful and practical way of demonstrating the advancement of reinforced plastics technology.



Move over, metal... plastic components under the bonnet.

Glass-reinforced plastic used in car inlet manifold

A technological break-through in under-bonnet automotive components has been jointly

achieved by three leading British companies with the development of a GRP (glass-reinforced plastic) inlet manifold.

The one-piece polyester DMC (dough moulding compound) moulded inlet manifold, which is based on the aluminium manifold currently used on the Ford Cortina 1.3L, is the result of technical co-operation between BTR Permal RP Ltd, Fibre Glass Ltd and the Ford Motor Company.

Although in recent years there has been a gradual increase in the use of plastics within the motor industry this has been confined principally to low or non-stress body or trim applications.

The British-developed GRP inlet manifold, however, is believed to represent the first significant realisation of the potential of plastics for components designed to operate in an aggressive under-bonnet environment.

It has resulted in major renovations in both materials and moulding technology.

The inlet manifold, which distributes air-fuel mixtures from carburettor to cylinders, is subjected to considerable stresses during operation, particularly creep — derived from

constant loading against high temperatures — and fatigue caused by engine movement and vibration during running.

Such severe environmental conditions and application of a challenging mould development programme by Fibre Glass Ltd, part of the Pilkington Group, whose laboratory successfully simulated a polyester compound in conjunction with BTR Permal RP, which matched all the stringent design requirements.

The resulting compound — polypropylene maleate — with an acrylic ferromagnetic additive — possesses excellent thermal stability and mechanical strength, high modulus of elasticity, and resists prolonged immersion in hot aqueous hydrocarbon environments.

The material is well suited for transfer moulding, a designed in-flow process minimises fibre degradation at weld lines, while a further advantage is that mouldings can be made to machine tolerances as the compound cures without shrink.

This results in considerable cost-savings, because expensive machining operations required by conventional diesel components are eliminated.

Canadians report fall-off

LATEST Canadian statistical data for the early part of 1981 show that the pick-up in the industry's activity at the end of 1980 did not continue into the first two months of this year, reports the Plastics Industry of Canada Society.

Shipments by plastics fabricators increased by 5.8 per cent in February over a year ago and the fabricators' industry selling price index increased by 7 per cent over the corresponding period.

The drop of 1.2 per cent in real shipments for the fabricators is smaller than the drop for resin manufacturers, whose real sales declined by 8.1 per cent over the year.

The drop in January and February of this year in the plastics industry seems to have been the result of relatively weak automotive and construction markets.

These markets, however, have picked up since, with dwelling units started increasing by 26.4 per cent in March 1981 over March 1980.

Completions, likewise, were running 11.1 per cent in February above levels a year earlier.

The automotive industry's performance continues to be

uneven, with some models and processors receiving a fair bit of new business as new cars are developed by the American automobile manufacturers while the established models suffer sagging sales.

The Canadian trade press continues to be one of increased exports and slowing imports. Polyethylene resin exports were up considerably in January over a year ago.

This means that the increase in domestic production was more the result of export demand than domestic demand. Polystyrene exports were buoyant, although domestic production dropped in the first two months of this year.

Some fabricators have shown a healthy increase in exports in the beginning of this year, although this does not seem to be the case for the higher value added "specialty plastics" category.

Despite the seemingly poor performance of the industry in the early part of this year, the leading indicators show the industry is on its way to a better year in 1981 than in last year.

Many processors continue to report a good level of activity in the current three months.

First rule of fire protection: fix your priorities

YOUR computer room is undoubtedly equipped with a fire alarm and extinguisher system, but what is it protecting?

Until recently, according to a representative of a local security company, New Zealand users seemed to regard the computer equipment itself as the valuable commodity, rather than the information it generated.

"They'd show us round the computer room," said Tom Ferguson, of Wormald Vigilant, "then we'd ask 'where's your tape room,' and they'd say 'why do you want to see that?' Thankfully, awareness of the value of information is increasing. Now they show us the tape room without having to be asked."

The bigger installations in this country are well equipped with alarm and automatic gas-flooding systems, but with the arrival of smaller in-office computers and distributed networks, many users are choosing to dispense with such expensive systems in favour of a simple alarm system and hand-held fire extinguishers.

This had not resulted in a downturn in business for the fire prevention side, said Ferguson. "While there are smaller installations, there are so many more of them."

The expense of an automatic fire protection system lies not in the initial installation, but in its discharge. The extinguishing agents used are expensive heavy smothering gases, known as BCF and HTM. The cost of the gas expended in a single discharge over a large installation could be as much as \$20,000.

Some have balked at the cost of the more sophisticated extinguishing agents and gone for the cheaper, but not so effective carbon dioxide.

But fire experts overseas are



now suggesting an even less expensive and revolutionary alternative — water.

Water has always been regarded as anathema for electrical fires; but it's not the water that conducts electricity, Ferguson points out; it's the impurities dissolved in the water.

"Pure water, distilled water, is an electrical insulator."

Its use for electrical and computer fires is being seriously considered again, though he did not yet know of a case of its actual use.

Modern alarm systems, when based on expensive gas, made every effort to avoid its premature release. Wormald's typical procedure is to wire its ionisation detectors so that if one detects combustion products it gives only a preliminary warning.

When two "smell" the fire, the second stage alarm goes off, with accompanying flashing signs saying "get out now"; but 30 seconds are still allowed for staff to locate the fire and take

their own measures to put it out, before the expensive and suffocating gas floods in.

During this 30-second period a button can be punched to halt the whole process if the fire can be successfully extinguished by hand.

The reaction of one detector can't always be taken seriously, he said, especially if there is high-speed paper processing equipment present. Paper dust could collect in the detector, and in time, cause a short-circuit and a false alarm.

Ferguson destroyed the image of the computer room as a surgically clean environment. Many of them, in his experience, can get quite grubby, he told NBR, especially when a poorly supervised night shift comes on.

He told of one case of repeated alarms from detectors under the false floor of the computer room; it was discovered that cleaning staff had been lifting the tiles and brushing the dirt under the floor.

"It's essential to have a good air-conditioning system," said Ferguson; "then, with luck, the dust finishes up on the filters and not anywhere else. But we know the dirty installations and we service their detectors more often."

Placement and number of detectors is also critically dependent on the airflow created by the air conditioning system. This is particularly difficult to analyse in computer rooms, with their tall and bulky cabinets. "It's one of the problems of designing a system for a computer suite."

There is a growing tendency to put detection devices closer to the potential seat of the fire — under the floor near cables or actually inside the computer cabinets. This helps to detect the fire at an early stage and

again save expensive discharges.

But the interior of the machine has its own airflow and dust flow problems, he warned, and often that solution was not practical.

Setting as many as 10 detectors in the one room, the company was often accused of overselling, he agreed. "But my stock answer to that is 'you tell me where your next fire's going to be and we'll make do with one detector'."

Among the essential elements which surround any computer system are those of security in all senses of the word: security against the intruder bent on sabotage or theft of information; the prevention of and remedy for the most damaging of all natural enemies, fire.

The difficulties of protection will increase as computer systems become more distributed. Security is an expensive business and there is a risk of measures being pared to the minimum to save costs.

Stephen Bell discusses some of those questions with a representative of one of the leading companies while NBR insurance writer John Sloan presents another company's solution to the cost problem—shared security.

Next week NBR's Data Processing section examines two other too often forgotten items on the bill — accessories and servicing.



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DATA
PROCESSING

Computer security

Security against intruders too often let slip

WHILE most local computer establishments are well protected against fire, security measures against intruders are far more variable in quality, says Tom Ferguson, of Womald Vigilant.

"There are a couple of installations in this country where they have two sets of doors and they put a sniffer device over you to make sure you've got nothing on you before they let you through the second set."

At the other extreme, there are installations whose sole protection lies in the fact that the computer room is in the middle of a lot of other offices and the stranger is likely to be stopped on the way through.

Even then, much depends on the intruder's presentability. "If you go in with long hair and a beard, you'll get stopped at the door. If you're well

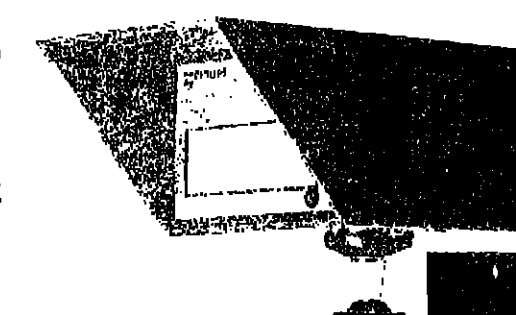
groomed and have a manila folder under your arm, you might get as far as the computer-room door before someone says 'can I help you?'"

In the case of many firms, with a valuable information resource, the person in charge of "entry control" was often a receptionist and telephone operator preoccupied with many other duties.

"You turn up and say 'I'm Mr Bloggs and I want to see so-and-so and they'll just tell you where his office is. They should ask the person themselves to come down from their department and meet you, and take you up."

If an intruder gets to the computer room or tape store, there is clearly a risk of sabotage of equipment or theft of valuable information.

Many installations stored



The all-seeing camera and the monitor screens... they have their blind spots.

back-up information off-site, Ferguson admitted, "but how often is that updated? Usually very seldom." Not only the data was to be considered; theft of programs could cripple the installation quite as effectively, and spare program tapes, if they existed, were hardly ever updated with the latest "fixes", he alleged.

The larger installation, with

its set-up of closed-circuit television cameras watching every part of the building, looked very impressive, but was often not really effective. "Again, you're dealing with the human element; people who make their own interpretation of what they're seeing — if they're looking at the right screen at the right time."

And banks of eight-inch

black-and-white screens were hardly efficient identifying devices, said Ferguson. "You can see there's someone there, and you might be able to see whether he's white or black, but that's all. I would go for a 30-inch colour monitor. It lets you see who the person is, and it keeps the attention of the guard more effectively."

The plastic-card-based lock is a very popular device with the small or medium-scale installation; sophisticated models are capable not only of verifying correctly coded cards, but of recording each attempted entry and exit and denying certain employees access to the computer area at certain times.

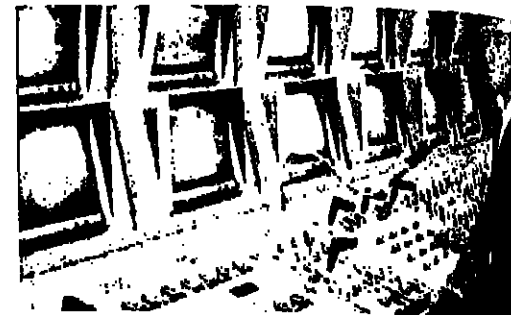
But all this is going to fall down if someone coming out holds the door open for someone entering, or if someone going in and out of the same door several times leaves his card in the slot of the lock for "convenience".

This is typical of the way card locks are used where employees become accustomed to them. Eventually they decide the card locks are not worth the bother, and have them taken out.

"The computer manager who sets them up might not be quite so soon in the volatile industry, and the new device might not be so enthusiastic," said Ferguson. "Again, the human element; some people are very hot on security, some are not."

It is noteworthy that large organisations like Datacube have begun running regular seminars to remind their employees of the necessity for security.

Ferguson predicts a new wave of security enthusiasm in the next five or six years. "As the economy gets tighter, the villains become bolder and more sophisticated."



Computer security

DATA
PROCESSING

Chip making presence felt in security

by John Sloan

THE "chip" is making its presence felt in the security surveillance field. Armourguard (until recently Armoured Freightways) is constantly expanding its "Computa-Guard" system which provides a computer-monitored security service for companies concerned about their premises security.

The Armourguard Computa-Guard system is principally based on sensing devices placed in buildings to detect after-hour intruders.

The heart of the system is the special centralised control room which is immediately alerted when the alarm system is activated and is geared to take immediate remedial action.

Computa-Guard has a hot line to the police, who can be promptly advised so they can call to the premises to arrest the intruders who may not even be aware they have been detected. But the Computa-Guard concept is capable of far greater sophistication and Armourguard is researching and adapting new uses for existing and potential clients.

The Computa-Guard system uses microprocessors, now assembled by local industry to reduce costs and encourage New Zealand electronic manufacturers.

Armourguard Wellington manager Brian Thomas said: "Companies are now adapting the basic Computa-Guard security system to control plant, switch boilers on and off, turn lights off and control air conditioning."

Thomas told NBR that Computa-Guard is being installed in large energy projects, especially where a 24-hour control mechanism is required.

"We can design systems to monitor changes in temperature, escape of gas, operate computer controlled processes, check on critical time phases, and provide the client with his own computer print-out which can also highlight any crisis conditions and the remedial action taken," said Thomas.

Allan Rushworth, the Wellington manager for Computa-Guard, said that many companies were now adopting the basic Computa-Guard security system especially in the field of energy conservation.

Rushworth said that Computa-Guard "is proving a really cost effective bonus for companies because not only can their security be monitored by the Computa-Guard system, but also the energy control of entire buildings can also be keyed into the system."

And the Computa-Guard system can be adapted to monitor temperature changes. Rushworth cited one instance where the firm installed devices in a large freezer to detect temperature fluctuations.

"A week later our system picked up a major freezer breakdown which wouldn't have been located by the previous manual check... the early detection and correction saved the client at least \$20,000 and our system had paid for itself within a week," said Rushworth.

According to Thomas, "the logistics and cost in providing 24-hour services are extremely high, so the regular human checks are complemented by the guaranteed services provided by computer controlled security systems."

"No engineer likes being woken at 3am, let alone the cost, merely to come in to switch on a boiler... we can do it by remote control for a much lower cost and it's guaranteed — our microprocessors don't sleep in."

But could companies install such sophisticated systems themselves? Rushworth thinks not: "It's very capital and labour intensive to set up a round-the-clock computer controlled security system. It

would be too costly for one company to install and man their own — it's far cheaper for them to hook into our system."

The Computa-Guard system makes extensive use of special Post Office cables to relay the messages to their central control panel and thus Armourguard's four separate Computa-Guard facilities at Christchurch, Wellington, Auckland and Whangarei can effectively cover the whole country if required.



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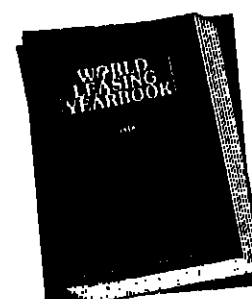
(Of course, it doesn't have Mary's big brown eyes. But it does have a lot of other things going for it.)

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DATA PROCESSING

Computer industry

CCL timely in bid for Harris equipment agency

COMPUTER Consultants appears to have chosen just the right time to make its successful approach for the Australian and New Zealand Harris computer equipment agency.

The Florida-based company had begun to turn from its technical orientation to the commercial and international markets, and was looking eagerly for agencies. "If we'd approached them 24 or even 12 months later, the chance might have gone," said CCL director Tim Cullinane.

Too early an approach, and CCL could have found itself, for a time at least, with an "old" generation of microchip

technology. Harris, a semiconductor maker in its own right, has just begun to use the new denser 64-Kbit chips.

The new line of products is a major change for CCL, both on its equipment sales and bureau fronts, and offers interesting opportunities for further CCL diversification beyond computing.

The Harris range extends from small processors designed for network use, up through the "large minicomputer" market, to take a large bite into the mainframe ranges.

CCL's computer sales have until now concentrated on the Qantel minis.

Harris equipment, with its

strength in terminal handling, will allow CCL to introduce on-line bureau services, and seems likely in the long term to push out its current Burroughs equipment.

As the universities have found, Burroughs machines, even their newer models, are weak when it comes to supporting "interactive" users, who want direct and immediate access to computing power through terminals.

The Harris range, besides having impressive terminal support capabilities, is "no slug" when it comes to batch processing, said Cullinane. So, in the long term, Harris machines will take on the batch

load as well, and the Burroughs equipment will "drift out" of CCL's bureau operations.

A uniform line of equipment in bureau and in-house computer sales would mean significant economies in software development and support.

Maintenance charges from outside vendors are rising rapidly especially on "previous generation" equipment like the Burroughs 700 series machines in CCL's bureaux. The chance to maintain its own machines would be another money-saver, said Cullinane.

The availability of the Australian agency was another factor in CCL's choice of Harris. With its growing opera-

tions in Australia, CCL was obviously keen on a product it could sell in both markets.

Harris is a diversified company which began in the printing industry and in recent years has moved extensively into high technology. Besides its computer systems side, it is a leading force in American radio and television equipment business with interests in communications satellites.

Scheduled for launch next year are products which will begin pushing into the automated office market.

Such avenues are obviously open to CCL for future diversification in its own right, Cullinane agreed; the computer

systems agency was "only a foot in the door" of Harris.

But precise plans on other fronts had not yet been formulated, and were very much something for the future. First priority is to get the computer systems side organized.

Training in the marketing and general handling of the new line will obviously take some time, but senior CCL support staff are going through training in Florida and the company has begun recruiting staff with experience on large equipment.

From the networking point of view, the situation has been just the reverse; plenty of expertise in CCL, but no fixed hardware to back it up.

Now the company's newest specialists have the Harris log distributed data processing system and 9200 interactive terminal cluster controller. Among early targets would be Government departments, becoming increasingly interested in distributed processing (NBR, August 24).

Government and educational sites with a scientific bias would also be a target for Harris's main range; but alongside this would be a strong approach to commercial clients both on an in-house and bureau basis.

Obviously the bread-and-butter general commercial applications — order entry, ledger processing, payroll and so forth — would be provided on in-house equipment and bureau services, but CCL also has in mind "a number of narrow commercial markets", both in commercial and in scientific processing, but declined to give details at this stage.

CCL will shortly be delivery of a small Harris 50 mainframe for training and development, and the bureau service is planned to start in Auckland early next year.

It will spread quite widely to the other centres, said Cullinane.

IBM pincer attack

IBM-watchers have long expected the company to start an attack on the "personal computer" market, but they did a double-take when IBM came out with two United States announcements in quick succession.

First came the System/23, clearly a bottom end to IBM's existing small business line. A \$US9830 computer is hardly "personal" machine.

For all the emphasis on established "personal computer" makers have placed on moving into the small business market, the dual announcements, the 23, or Datamaster, as it is known in the United States, in different proposition, aimed directly at the first-time commercial user.

Then, just as the IBM computer competitors were beginning to draw breath, in came IBM again — this time with the real personal computer.

Released last week it sells for \$1565 in the United States and is firmly directed at the home user — though IBM, of course, this may include the "person" in need of accounting help.

Neither the personal computer, nor the System/23, released in New Zealand.

Industrial design

Approved seal of Kiwi good taste

by Ann Taylor



FOOTWEARMERS and jet boats, it would seem at first sight, have little in common. But along with heated towel rails, wooden toys, roof-racks, self-propelled irrigators and reinforced plastic baths they bear the designmark.

Funded by Government, manufacturers and its own services the Industrial Design Council awards designmark, runs seminars and promotes the concepts and practice of industrial design in this country.

This year's programme includes a September seminar "Product Design for Tomorrow" which will bring speakers from Japan and Australia here to talk about the input designers can make to our future export success.

And to "reinforce the important role played by design in the manufacture and marketing of our products" the Prince Philip Award for industrial design has been instituted this year. The Duke will be here to judge the entries for his award which will "enable a further giant step to be made into necessary and ongoing international markets".

"The pre-eminent design award" will be awarded to a product in the consumer, industrial or agricultural product and equipment area. Preliminary panels of judges will produce short-lists of two products from each area and one will be selected by the final panel consisting of the Duke, and chairmen of each of the judging panels for the three categories.

Entries have to be already available to the public, designed in this country and to have had export success.

The largest response, expected to number 60 entries, seems to be in the industrial and consumer areas. The council is expecting a rush of entries closer to the closing date. To ensure that the Duke is not subjected to half-pie efforts at displaying our national ingenuity and innovativeness all entries have to already have a designmark.

Council director Geoff Nees was instrumental in setting it up. He worked for the Department of Trade and Industry mounting trade exhibitions and looking after the department's design work before the council was set up in 1969.

"Our job is not to tell manufacturers how to make a product but to encourage them to improve and think up changes themselves," he says.

Members of the council represent the DSIR and the departments of Education and Trade and Industry. Eight members are recommended by the Minister of Trade and Industry, who is also responsible for providing the council's funds through the department's vote.

The council is vested by legislation with the function of "promoting the appreciation, development and use of industrial design with the object of improving the quality, efficiency, packaging, presentation and appearance of goods produced here."

"We could do a lot more with more funds (currently around \$500,000). We could get into an export design and research service to help manufacturers and exporters to home in on overseas markets."

Lack of public awareness and

understanding of the designmark is a big problem for the council. Several years ago a consumer survey was undertaken in Wellington's Cuba Street and Courtenay Place and about 80 per cent of people had seen the mark but an "abysmally low" number understood what it meant.

Nees compares this singular estimate of public recognition with the wool mark — "people recognise it but they don't understand what it means."

The state of the art in this country is difficult to ascertain. Nees said a relatively small number of products are actually designed by designers. And there are only a small number of designers — "probably less than 120 product designers in the country and about a dozen working as consultants."

"A lot of big firms have design engineers but in a lot of small firms the boss is an engineer — the do-it-yourself kind — and does all the design work with little consideration of consumer use in which he has not been trained."

Individual, disinterested people are used by the council to provide reports on products; they are tested by the DSIR, universities and designers not involved with a competitive product.

User reports are compiled and "sometimes we feel it's worthwhile to bring together a panel of various people to evaluate a product." The application fee for a designmark, set in 1969, is \$30, and evaluation fees vary, depending on the product, from \$50 to several hundred dollars.

In the evaluation of a product, a panel considers various aspects: demand, resource use, environmental effects, design faults which affect marketing or the user, packaging, innovation and manufacturing faults or design faults of the product submitted before a designmark is awarded.

Motivation among manufacturers to get a designmark is primarily for use as a marketing tool, says Nees. "It gives a competitive edge to a product. Sometimes they see it as a check against their own design resources; to sort out the wood from the trees."

"Others see it as a personal pat on the back and there are still some who think they are buying it when they apply."

Nees says the council never turns an applicant down. "If a product does not come up to scratch a report is provided on its deficiencies — inherent to the product, its packaging instructions for use or maintenance — and advice is given to the manufacturer on how to improve it."

The council's 16 staff have expertise in various areas which is exercised from regional offices in Auckland, Christchurch and Wellington. The head office where the council meets — and the magazine *Designscape* is produced in Wellington, "close at hand to Government."

Retailers find the designmark does have an impact, particularly in up market shops, with up market products. A

manufacturer who has gone to the trouble of getting a designmark is generally going to stand by that product and will be successful in eliciting the support of the retailer.

David Longdale, secretary of the Wellington Retailers expressed one reservation about the mark. "We're not sure whether the designmark is applicable as a product goes through various stages of development. The council has not taken steps to assure the public that a product is continually evaluated."

Nees says the council is

thinking of licensing designmark on an annual basis. Currently the designmark can be held for two years or "until the council decides otherwise." After two years "the product would be evaluated against the state of the art to see if it is keeping up with the general level of technology and changing social attitudes."

"The useful marketing tool" has gone through a series of awareness cycles, Longdale said, but cautioned that if public awareness was tested it would not be as well known as the wool mark.

One of the latest products awarded the designmark — a "Hampden" meal tray made by Toolco Industries, of Christchurch. D S Drummond designed this set of four stack-and-carry trays in chip, scratch and

stain-proof moulded plastic, to provide pre-packed three-course meals for four people, along with three-piece cutlery sets and salt, pepper and sauce containers for each of the four trays.

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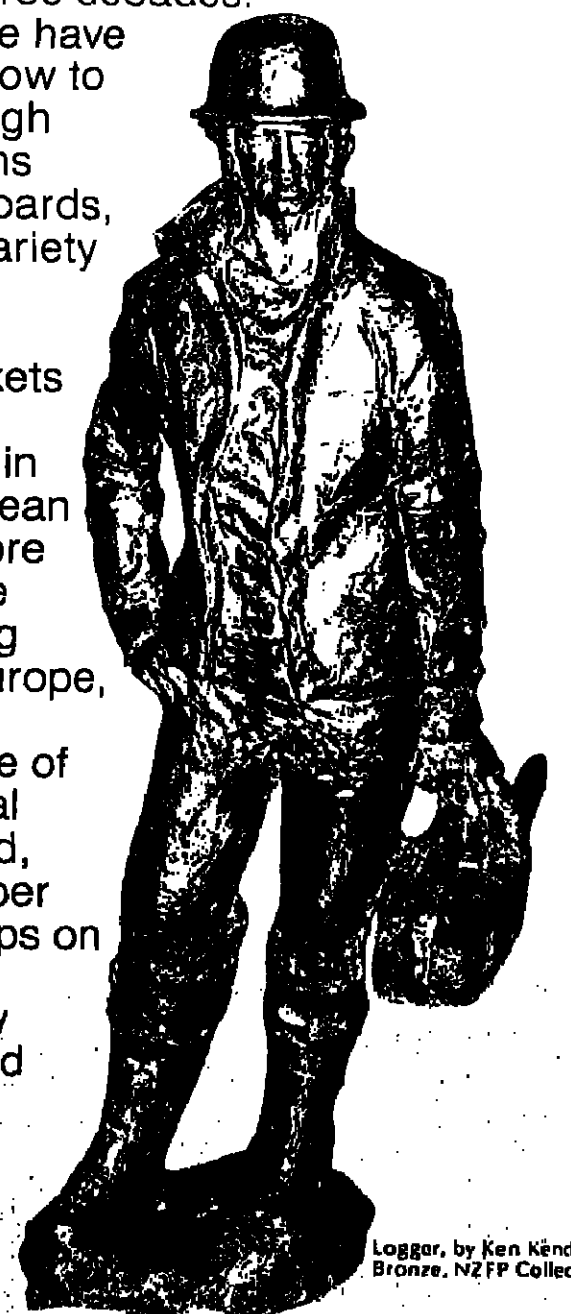
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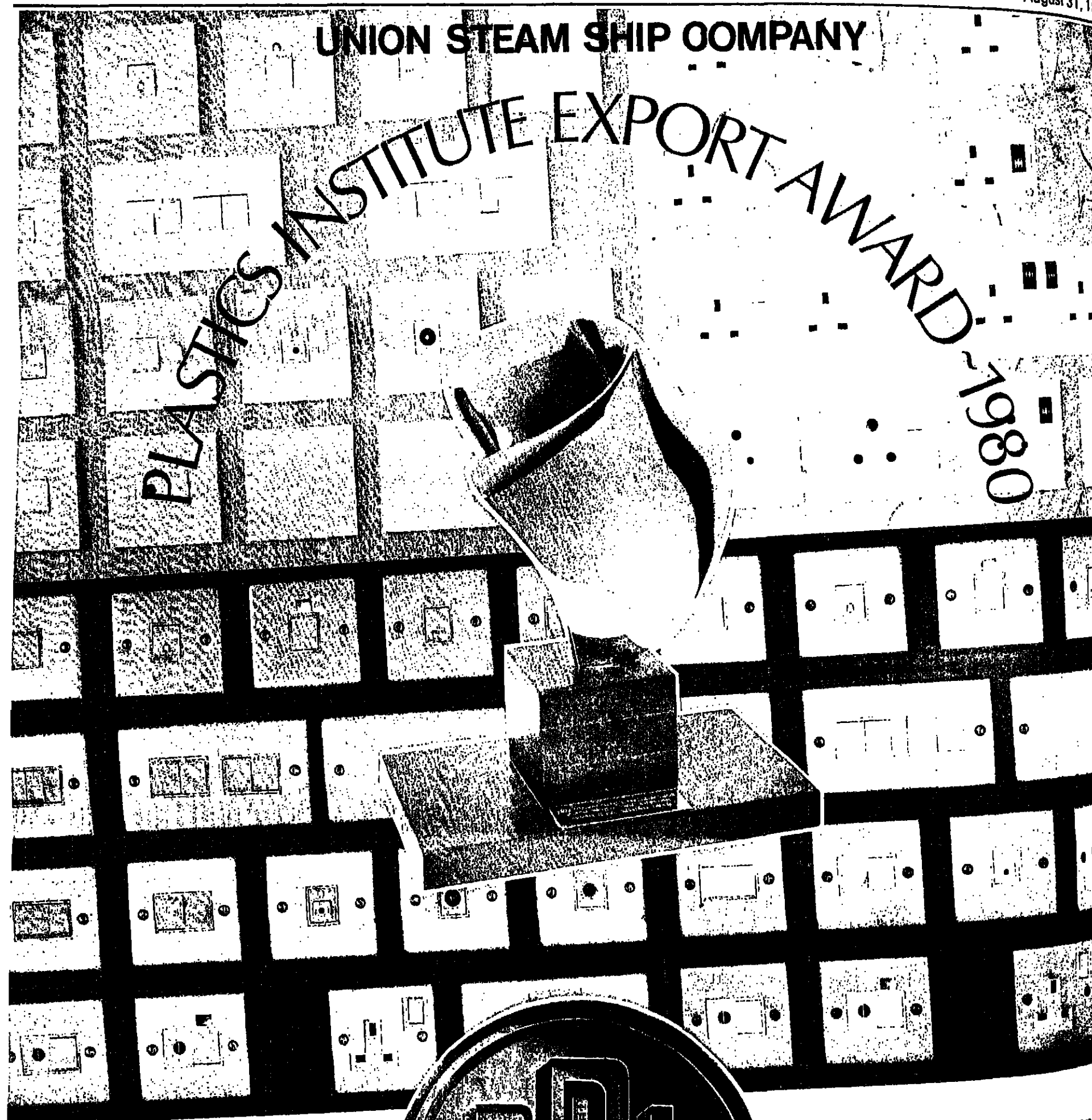
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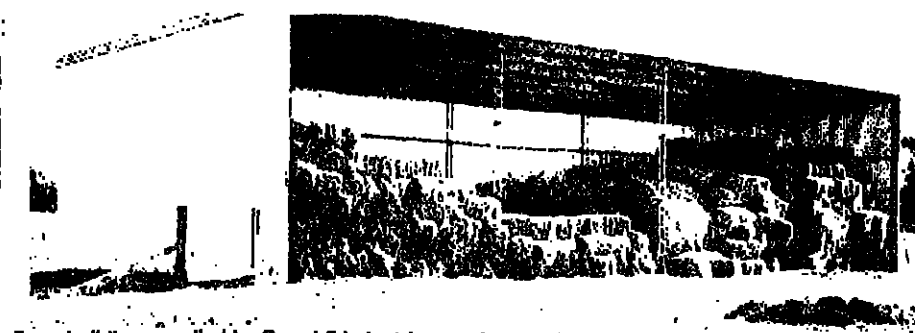
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PDL DESIGN FOR EXPORT

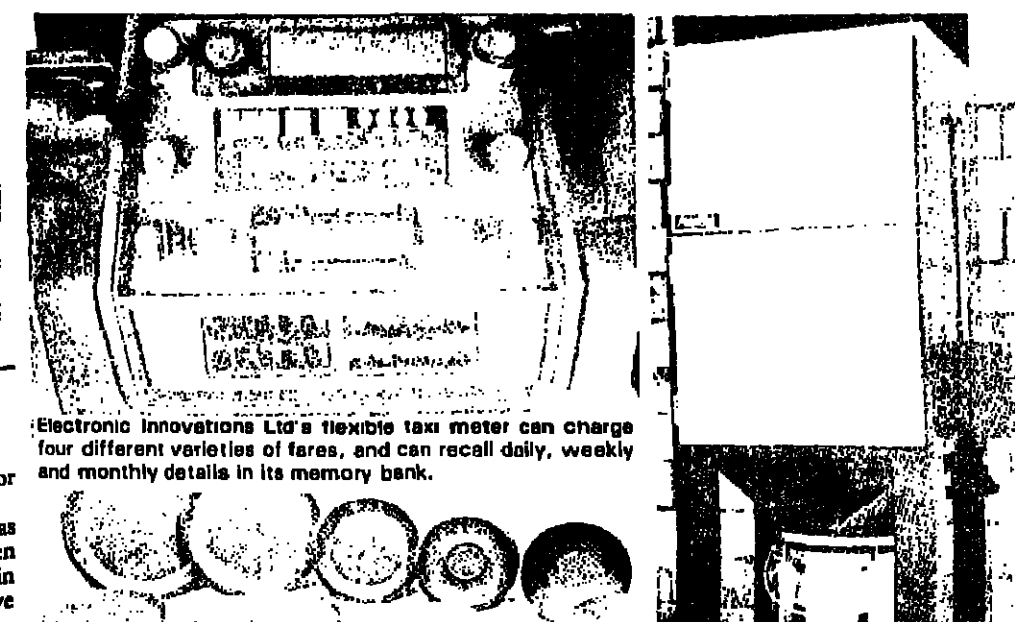
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Industrial design



Farm building supplied by C and F Industries can be supplied UKD and are simple to put up.



Electronic innovations Ltd's flexible test meter can charge four different varieties of fares, and can recall daily, weekly and monthly details in its memory bank.



Temuka's domestic monoware has an earthy, handcrafted appearance which warrants among other things a designmark.

Design is evidently not all in appearance. This Alaskan dust collector can operate free standing or bolted on to machines. Filter cleaning is automatic, the noise level is low and the dust can be easily removed.

Inventive company game for sales

ACCUSATIONS of the latest in the discrimination line — ageism — would fall on stony ears at the Design Council.

Fortuna Agencies Ltd has been awarded designmarks for three of its children's games. Equable and Junior Equable are number games based on word building principles where equations with five 3s are as tortuous as words with five Ts and Masterword, a sophisticated form of scrabbling.

Fortuna, a private company formed in 1954 and now run by Mason Chanesman and David Gold deals in 200 lines which are imported, made under licence or developed and manufactured here. All manufacture is done by contractors to fulfil production runs which with, say, a unit cost of \$10, need to run to at least 10,000

units to break even.

The Equable concept was developed and produced by Gold's father. Production of those games has sold out for this year. But "costs have increased locally and we're putting together a new package of manufacturing materials and packaging at the moment," said Gold.

"Many thousand" of the games have been exported particularly Junior Equable which is sold through education houses in Britain, and being manufactured under licence in France.

Gold said standard board games are now being developed with the aid of the electronics "to make them more interesting" and Fortuna is in there with lines in radio-controlled cars and a space in-

vaders game on the books for the Christmas period.

Gold said designmark "has been useful in that we've been able to promote the game in areas where we could not have otherwise."

"But I don't know whether consumers in this particular line are very aware of what it means... we haven't noticed a significant increase in sales because of it."

Ultrasonic aid for blind wins export market

A wandering electrical engineer came to this country to take up a chair at Canterbury University with a sensory aid for blind people under his arm.

Professor Les Kay's ultrasonic echo location, hand held device, for the adventurous blind was evaluated and developed during the 1970s and Wormald Vigilant got involved in the development stages.

Wormald Sensory Aids, a subsidiary company, was formed to manufacture the device which has been awarded a designmark. The company's production of 100 units a year, market price \$2500 each, is mostly exported to America and Australia.

The sonic device, which gives the person an orientation on objects within a radius of six metres, has not reached the high sales expected but "we are steadily producing it," says Wormald development engineer Chris Glenn.

A person using the device has to have an instruction course and Glenn said use is predominantly determined by the

person's motivation. "They have to be outgoing" to use the product which he said was "the best established mobility unit around."

But there is a limited market and the company has developed the Mowat Sensor for the less adventurous.

Two hundred units are produced a year of the device which reacts to the closest object in a four-metre range.

The company is also about to launch a reading aid for the partially blind. The Viewscan, which has just been submitted for a designmark in the hope that it will be in the running for the Prince Philip Award, is a mobile reading aid.

Previously similar devices have been based on closed-circuit cameras which have magnified the page to be read, and needed to be attached to mains supply. The new device is a flat-panel, fully portable display unit.

Glenn said the designmark has not had much impact on international marketing but "it could lead us to more things, like other awards."

Going 'native' for export

Manufacturers must get past regurgitating overseas design on the local market and rely more on indigenous design for export according to their representative on the Industrial Design Council, Wellington Manufacturers Federation director Wally Geardner.

He says the council has played a low-key role until now, but sees that being stepped up under the chairmanship of Jim Collins.

Geardner identified a need for design to be treated as an integral part of product development, for cross-pollination of ideas between designers and for manufacturers to be encour-

aged to use design consultants. Most manufacturers use designmark as a marketing tool. "Over the past 12 months, more have been using it in their local advertising," he said.

But, overseas, it is a different story. "Recognition of the local designmark tags on to the promotion of other councils," he said. "We've got to have distinctive products. To date it has been primarily wall coverings, carpets — products in the artistic area — which have had a New Zealand element."

"Design goes deeper than the outer shell," he says, making a plea for manufacturers to consult designers.

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